

Stronger Nato sought by Britain and America

Warnings that Nato must strengthen and expand its role were given by Western defence experts at a weekend conference in Munich. Mr Frank Carlucci, America's new Deputy Defence Secretary, argued that Europe could no longer say it was unable to increase its military contributions. A British junior minister said that freedom and democracy must prevail in non-aligned nations.

Allies told they must pay fair share

By Our Foreign Staff

The Nato alliance must strengthen itself throughout the world with better forces and arms, American and British spokesmen told Western defence experts in Munich at the weekend.

The United States was determined to show Europe and new and old allies elsewhere in the world "the reliability and value of this end was unequivocally committed to a major and sustained increase in military capability and therefore in defence spending", Mr Frank Carlucci, the Deputy Defence Secretary, told 140 defence specialists from nine Western countries at the Munich meeting.

With Europe's total gross national product now exceeding that of the United States, Europe could no longer argue that it was unable to increase its military contributions.

Looking beyond Europe, Mr Geoffrey Patte, Under-Secretary of State for Defence for the R.A.F., said in a text prepared for the conference, that while following "the common goals of peace and security", the Western alliance should avoid a revival of imperialism. "The West cannot afford to have its own Angola, Ethiopia or Afghanistan", he argued.

The principles of freedom and democracy must prevail in the West should show that, unlike the Soviet Union, it accepted the position of non-aligned countries. The West must avoid "militaristic intervention in support of regimes and movements operating against the will of the majority of a nation", he said.

A judicious cocktail of political influence and the indirect or direct application of armed force was needed.

The British view is that a three-level approach should be taken on the use of military resources outside Nato, he said.

This comprises military aid, sales and training to Third World countries; peacekeeping operations abroad by Nato to register the West's presence; and the development of a Nato rapid deployment task force for long-range intervention, such as the Americans are creating.

Mr Carlucci said that Washington wanted "to be able to say that a new awareness has arisen in the alliance, a consensus to give first priority to the defence of freedom. We want to demonstrate that our friends and allies are contributing their fair share of the common burden."

The text of his remarks was released to correspondents by the Pentagon to ensure full publicity for his message.

which cannot have come as a great surprise to his listeners or to most European governments.

Mr Carlucci said that in recent years neither the United States nor the Europeans had devoted enough resources to defence to meet the rapid build-up of Soviet conventional and nuclear forces.

"Many of the Nato force goals have not been achieved and many long-term defence programme measures are far from full implementation", he said. "Further, neither the Americans nor Europeans have been sufficiently engaged in the search for ways to protect our common interests in the Gulf and other areas."

Criticising previous Administration's such as President Carter's for their lack of purpose, he said that all too often Washington had talked of consultation but acted on its own.

"Too frequently we have urged the need for consistency, yet presented our allies with what, at times, must have seemed like annual changes in priorities and programmes." The new Administration was aware of those dangers, he said, and was determined to avoid them.

Mr Carlucci then argued that the Europeans could no longer argue in mitigation that they could not afford a fair share of the alliance's defence burden. "Europe is no longer shattered, impoverished and disunited", he said. "Indeed, Western Europe's total gross national product exceeds that of the United States."

In this situation, the United States cannot be expected to improve and strengthen United States forces in Europe unless other allies increase their own contribution to the combined defence effort. Nor can the United States bear the burden of the mounting Western interests beyond Europe", he said.

"We are unequivocally committed to a major and sustained increase in military capability and, therefore, in defence spending," Mr Carlucci said, in a reference to President Reagan's plans to spend an extra \$170,000m (£75,555m) on defence over the next five years.

"We are equally determined to demonstrate to old allies and to potential friends alike the reliability and value of American friendship. In key areas of the world beyond Europe, we will begin to build a more durable framework of relationships designed to enhance the security of those regions."

Risks of détente, page 5
Leading article, page 13

Reagan aide threatens action over Cuban arms

From David Cross
Washington, Feb 22

It was "entirely possible" that the United States would take direct action against Cuba if Havana continued to ship arms to left-wing guerrillas in El Salvador, one of President Reagan's leading advisers said today.

"It is in Cuba's self interest to halt them (the arms shipments) right now and this transmittal of subversion into Central America", Mr Edwin Meese, the President's chief adviser at the White House, told a television interviewer.

Mr Meese had been asked whether the new Administration would consider blockading Cuba to prevent arms leaving the country. He said that he did not think it would be wise to rule out any options at present. "One of the things you do not do is rule anything out in advance".

This was one of the main troubles with the previous Administration, he said. Mr Reagan wanted potential adversaries to go to bed each night wondering what might befall them if they acted against America's national interests.

Mr Meese pointed out that the options open to the United States for dealing with the flow of arms from Cuba to El Salvador were not necessarily limited to a display of military force. Diplomatic pressures and economic measures could be brought to bear by both the United States and its allies, he said.

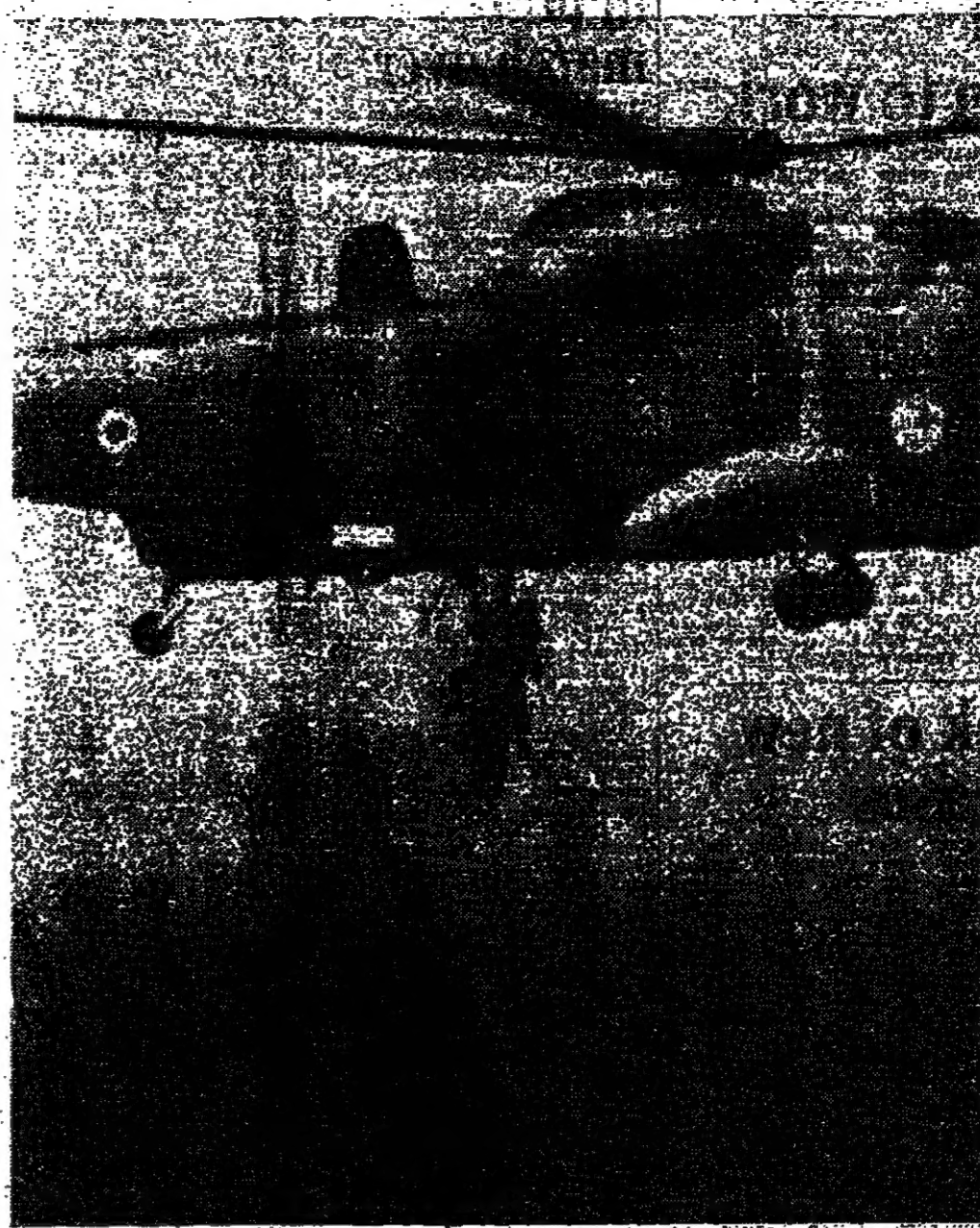
The Administration's first priority in tackling the problem was to present its "incontrovertible" evidence that arms were reaching the left in El Salvador from Cuba via third countries. Mr Meese said that the Cubans had been acting to prevent weapons from passing through their territory.

Explaining why the United States attached so much importance to the issue, he said the Cubans had been "able to operate with impunity" almost anywhere in the world during recent years.

It is time that Cuba and the other nations that seek to subvert other countries were up to the fact that we have a new Administration, a new national resolve", he said. "We will take the steps needed to keep the peace any place in the world, and that includes El Salvador."

Reiterating the well-rehearsed criticism of former President Carter's foreign policy, Mr Meese attacked that Administration for conflicting statements and dropping plans, which he had once promised.

When President Reagan said something he would follow it through, Mr Meese promised. Moreover, the Administration would speak with one voice.



A man being rescued from the sea by an RAF helicopter near Tynemouth yesterday.

Snow storms bring chaos to the roads

By Michael Horsfield

The worst weather of the winter swept Britain yesterday blanketing about two thirds of the country in snow, blocking roads and causing scores of accidents.

In the North-east, a fisherman drowned in heavy seas after an incident in which an inshore lifeboat capsized while it searched for the survivors of a fishing boat which had overturned off Tynemouth. Six men, two of whom were 40 years of age, were rescued.

The other four were picked up by an RAF helicopter which braved gale force winds to make two rescue sweeps. Flight Sergeant Jack Menzies, aged 30, of Acklington, was lowered four times into the sea during the rescue.

The helicopter captain, Flight Lieutenant John Streeter, aged

28, of Banstead, Surrey, said three of the surviving fishermen, who had been in the water for 20 minutes, had to be resuscitated and given heart massage during the 10-mile flight to hospital in Newcastle. The three men were described as "in a poor state".

The "deserted" fisherman was named as Mr Joseph Brown, aged 44, of North Shields. His son, John, aged 18, was among those rescued from the 18th vessel, the *Mying Spray*, which captured the entrance of Chatterbox Harbour.

He and the other two members of the crew, Mr James Dorman, aged 31, and Mr Ronald Harrington, aged 24, were suffering from extreme hypothermia. Mr Brown's body was found trapped in seaweed. The crew of the Tynemouth inshore lifeboat were rescued by helicopter on a rescue sweep. Flight Sergeant Jack Menzies, aged 30, of Acklington, was lowered four times into the sea during the rescue.

The helicopter captain, Flight Lieutenant John Streeter, aged 28, of Banstead, Surrey, said three of the surviving fishermen, who had been in the water for 20 minutes, had to be resuscitated and given heart massage during the 10-mile flight to hospital in Newcastle. The three men were described as "in a poor state".

Mr John Griffiths said: "Stewart Brown drifted away from the shore and I could not lift the boat because it was too heavy and I could not get it back on shore."

In the Peak District, 26 people, including seven children, were stranded in their cars for several hours in the Giddy Valley after heavy snow had blocked the road behind them. The people, who had been visiting a local beauty spot, were released when a snowplough cleared the way.

At a main road near Colchester, a car and a lorry were involved in a collision. The car, a Ford Fiesta, was driven by Mr Robert Griffiths, 31, of Ashford, Essex. The lorry, a Ford Transit, was driven by Mr Robert Griffiths, 31, of Ashford, Essex.

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Engineering union swings to right

By Donald Macintyre
Labour Reporter

The dominant right-wing faction in the 100,000-strong Amalgamated Union of Engineering Workers has secured a comfortable majority in the election of the first time in recent years.

The election of the delegates, who will cast the block vote of the 1.2 million members of the union, Britain's second biggest, will have wide implications for its frequently pivotal role at both the Labour Party conference and the TUC.

It is likely significantly to increase electoral support for moderate candidates to the executive of the Labour Party and to the TUC general council. That choice has traditionally been left to the delegations in the engineering union.

The right-wing, led by Mr

Terence Duffy, the president, and Sir John Boyd, the general secretary, are confident both of having secured a two-thirds majority in the two 36-man delegations and having consolidated control of the union's policy-making national committee.

The results mean that the union's leadership will have the flexibility which it has lacked to leave important policy decisions, if politically necessary, to the delegations.

Correctly anticipating a slender left-wing majority in the delegates to this year's Wembley conference on an electoral college to choose the Labour leader, the union's leaders sought agreement from the national committee to vote against any form of college that did not give at least 51 per cent of the vote to MPs.

The move backfired when the leadership realised it had unintentionally helped to deliver the conference into the hands of the left by making its delegates unable to support the moderate consensus in favour of a college in which the parliamentary party had a 50 per cent say.

Although an informal political audit of the votes has not yet been completed by either left or right, it appears that 15 or 16 right wingers have been elected out of 26 by delegates to the TUC and Labour Party conference this year. With the executive taking up the remaining seats, that ensures a right wing majority.

An approximate count of the elections to the newly-expanded national committee suggests that of the 84 delegates to be elected 51 are right wingers and the remaining 33 from the left.

Missionaries freed by Iranians

By Ian Gavan

The three British questionnaires held in Iran were released last night, ready for return home, Mr Terry White, special envoy of the Archbishop of Canterbury, said in a telephone call from Tehran to the Press Association in London.

The position of the four imprisoned British, Mr Andrew Pyke, a businessman, was still unclear. The missionaries, Dr John and Dr Audrey Coleman and Miss Jean Waddell, former British consular officials, were arrested last August on suspicion of espionage.

Mr White said he had had a meal and a long chat with them.

Moscow feels under threat

The Soviet Union will be seeking support from its friends and allies when the twenty-sixth congress of the Communist Party opens in Moscow today at a time when Russians feel their ideology is facing a greater threat than it has for many years. The country's elderly leadership faces a grim economic situation at home and a gloomy outlook abroad.

180,000 jobs at risk

Up to 180,000 jobs could be lost because of the declining output of Britain's mechanical engineering factories over a 15-month period from October 1980 to December 1981, according to a tripartite working party report.

Radio station blast

A bomb exploded outside the offices of Radio Free Europe in Munich injuring eight people. The editorial offices were extensively damaged but news broadcasts to the Soviet Union and Eastern Europe were not delayed.

Confusion over grant

A decision to give an autistic boy a mobility allowance, a conclusion apparently in contradiction of the 1979 regulations, has created confusion for other handicapped children.

Glasgow jobs protest

A crowd estimated at up to 70,000 took part in an unemployment protest march in Glasgow led by Mr Michael Foot, Leader of the Opposition.



England's new vice-captain: Geoff Miller, who has taken over from Bob Willis as vice-captain of the England cricket team touring the West Indies. Willis has returned home because of knee injury.

Child killings reach 20

The White House has set up a federal task force to find the killer of black children in Atlanta, Georgia. The recent disappearance of two children has brought the total number of victims to 20.

Lima: Peru and Ecuador have moved closer to war.

Classified advertisements: Personal, pages 22, 24; Appointments, 6, 18, 22; Reader Services Guide, 10; Property, 21.

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Go-ahead for salvaging of treasure wreck

An Edinburgh court decision means that salvage work can resume on the *De Liefde*. Dutch East India Company ship off Shetland in 1711. The wreck is believed to contain much gold and silver.

Leader page 13
Letters of Government concession to miners, from Professor Margaret Davidson-Saunders, and others; Britain and Canada, from Professor Hodgins; rule of law, in Wales, from Dr Michael Frenno.

Leading articles: European-American relations; Prospects for other public sector disputes; pages 9, 12.
Bismarck and the welfare state, by Anthony King; Michael Freuchman on the Falkland Islands talks; Eric Heffer sees marriage of convenience among the Tories; the Jordanian option, by Christopher Walker.

Sport: Pages 9-9
Rugby Union: Ireland make odd change against England; Athletics: Britain wins two bronze medals in the European indoor championships; Coelian, of Ireland, sets world indoor mile record.

Arts, page 11
Philip Howard on the novel and critic Walter Allen; 70 today: Sheridan Morley interviews Nicholas Grace, Richard II at the Young Vic on Wednesday; William Mann on Welsh National Opera's *Die Frau ohne Schatten*.

Obituary, page 14
Mr Ron Grainger, Ioannis Theodoropoulos Business News, pages 15-20.
Editorial: Assessing President Reagan's budget cuts; GKN stanches a round Business features: Roman Eisenstein on the Channel's interest in the books; Patrick Knight on Brazil's home-grown answer to oil.

Russia warns South Africa after Mozambique raid

From Ray Kennedy
Johannesburg, Feb 22

The Soviet Union will help Mozambique if South Africa invades the country again, Mr Valentin Wodolinski, Soviet Ambassador, said in Maputo, the capital of Mozambique, at the weekend.

His statement was underlined by the visit of warships of the Soviet navy's Indian Ocean fleet to Maputo and Beira, Mozambique's two main ports.

Four weeks ago a South African army task force attacked a headquarters base of the outlawed African National Congress (ANC) near Maputo in a raid which was considerably heightened tension in southern Africa.

The visit of the Soviet warships to Mozambique ports is the first for nearly a year and Mr Wodolinski said more ships would shortly be sent to Mozambique, and that threat is posed to vessel oil routes. It did not intend to threaten "but if someone fights our friends we will react accordingly". He added that under a

treaty of friendship and cooperation with Mozambique, the Soviet Union was committed to giving military assistance if required.

The South African Minister for the shipping of the red flag in Mozambique, Mr. Harbort, has been to give an assurance that his navy's advanced tracking facilities enable it to gather precise intelligence about all shipping movements in the area.

The visit of the Soviet warships is considered to be a major boost for President Samora Machel's Frelimo Government, especially as he was compelled to parade in disgrace, army officers who he said had ordered their men not to engage the South African raiders.

A South African defence force spokesman said in Pretoria that the West also would have no take-over of the Mozambique, and that threat is posed to vessel oil routes. It was an indication that the Soviet navy was prepared to play a more open role in the Indian Ocean.

IRA murder 'informer'

A man was shot dead by the IRA in West Belfast last night. He was named by the Provisionals as Patrick Palmer, front of the Lower Falls area. The report said he was hit by a burst of fire from a car. A statement from the IRA's Belfast battalion alleged that Mr Palmer had been passing

information to the authorities since June 1976. He has yet to be officially identified. Shots bombed: The Provisional IRA yesterday admitted responsibility for five bomb attacks at the weekend in shops in Belfast, Smithfield and Londonderry (Christopher Thomas writes from Belfast).

Mr Biffen admits that Government was scared by pits threat

By Michael Hatfield
Political Reporter

The past week's mineworkers' dispute had been a watershed for the Government, which had been frightened by the spectre of widespread industrial action. Mr John Biffen, Secretary of State for Trade, said today.

Mr Biffen, former Chief Secretary to the Treasury, denied that he was a member of a government of monetarist theologians and said that it had been a government of pragmatists. He said that the Government had been frightened by the spectre of widespread industrial action.

Mr David Howell, Secretary of State for Energy, and other ministerial colleagues were to meet the National Coal Board and leaders of the National Union of Mineworkers on Wednesday to bring about a settlement of the dispute, which will involve the Government paying some financial aid to the industry.

It emerged last night that Mr Howell had given Treasury ministers advance warning that the board's general fund would have to be raised if a national coal strike were to be averted.

Mr Biffen, stating that he had not gone into politics "to be a hamster", said that the dispute was handled "speedily, though I do not deny for one moment

the acute embarrassment this means for the Government". The Government had not in to industrial muscle, but it think the Government were very wise when they saw the situation that had emerged to decide that this was not an area where they would put at risk their authority.

"I think that what we have seen demonstrated over the last week is something which we have long known in this country, and that is the capacity of certain sections of organized labour to exercise an extraordinary authority which is, if you like, almost baronial."

There was bound to be a reaction in industrial relations but it was by no means clear how that reaction would proceed. "We are still living obviously in the eye of the storm and there is still a great deal of drama about this," he said.

Mr Biffen would not be drawn on the threatened strike by water workers, although other ministers were stating last night that that was a different situation because it was over pay.

Tory backbenchers, unhappy at the amount of Government cash for the nationalized industries, will this week watch carefully not only the coal settlement, but also the scale of financial aid to the British Steel Corporation.

Mr Biffen said that in the second half of this Parliament the Government would pursue "a radical and sensible and a practical policy rather than a hard-line ideological policy".

Coal miners settle, page 2
Leading article, page 13

Unions queue to test Thatcher resolve

By David Holmes
Labour Reporter

General powerful groups of workers are this week lining up to test the Government's determination to finally walk away from the mine. The Government made it clear at the end of last week that what was being tested was some quarters to expect the miners should not be seen as a softening of its attitude towards public order.

The water and sewerage workers, civil servants and gasworkers are preparing to test the resolve of the Government.

The first indication of ministers' attitudes will come this afternoon when Lord Soames, Lord President of the Council, and Minister responsible for the Civil Service, will tell the 530,000 white-collar civil servants that the Government is not prepared to bridge the gap between its 6 per cent pay offer and the unions' 15 per cent claim.

Although the campaign of industrial action being threatened by the Civil Service unions could be damaging, ministers are more concerned about the effects of a possible national strike by the 3,000 water and sewerage workers in England and Wales.

Despite protestations from the National Water Council that its "final 10 per cent offer was made without consultation with the Government it was clear last week that the Cabinet had agreed to see the council improve the offer."

A union negotiator said last night that if the employers followed those exhortations the only item for discussion at a meeting of the four unions in the morning would be the need for what form industrial action should take and when it will start.

Mr Ronald Keating, assistant general secretary of the National Union of Public Employees, said on Wednesday that the Government to agree face what would be a major industrial dispute with far-reaching and unknown consequences.

"Because there has never been a major dispute in the industry nobody knows what will happen and the Government should realize the extent to which they are playing with fire. This has become essentially a political dispute and it is not of our making. We have always wanted to negotiate with the employers and so far we have not really been allowed to."

The unions might be prepared to call off their notice of strike action, which they are expected to give on Wednesday, if another 2 or 3 per cent was to be offered by the water council.

Union negotiators are seeking

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HOME NEWS

Negotiations start on aid for coal industry as last group of unofficial strikers return to work

By Donald Macintyre
Labour Staff

All 50,000 miners who were on unofficial strike last week are expected to return to work today as talks open between union officials and the National Coal Board on plans for the future of the industry.

In the last outpost of unofficial action, a mass meeting at Margate accepted an area council recommendation to return to work, though with a warning of further action if the threatened Snowdown colliery was not guaranteed a reprieve.

At today's talks, both sides will seek to agree a common policy for state aid to the industry which can be presented to the Government at a tripartite meeting scheduled for Wednesday.

The meeting of 2,000 of the

3,000 Kent miners yesterday decided to maintain for the time being an overtime ban after being told by Mr Jack Collins, area secretary, that Sir Derek Ezra, chairman of the coal board, was "on trial" after last week's retreat from the plan for pit closures.

Their return brings Kent into line with the larger militant areas of South Wales and Scotland, which on Friday decided to end their strikes. The Yorkshire area council decided not to join the strikes today as planned.

The Kent resolution said that in the event of an "unsatisfactory response from the coal board on the future of Snowdown colliery, the area council would be empowered to reimpose the strike."

Mr Collins said after the meeting that he would be

prepared "to lead Kent miners into other coalfields" if the withdrawal of the closure list was not shown to mean the continued security of Snowdown.

A threat of industrial action from the traditionally moderate Nottinghamshire miners will remain until this morning, because of unrest over a tentative proposal to merge Babington colliery, near Nottingham, with Hucknall colliery. It is expected, however, that that proposal will be included in those withdrawn last week.

The area coal board also expects that unrest over a plan to close another colliery, New Hucknall, has been defused. Although closure of the pit was agreed with the National Union of Mineworkers, the Nottinghamshire area had decided to appeal, and the closure is one of those withdrawn last week.

Thousands in protest march over jobless

From a Staff Reporter
Glasgow

A solemn procession of the unemployed marched through Glasgow on Saturday in a demonstration against the Government's policy of "the right to work". More than 1,000 people took part in the march, which was led by the Scottish Council of the Labour Party turned out in what was claimed as the largest mass protest in the city since the 1920s.

So long was the column of demonstrators that after the leaders had reached Queen's Park and spent more than two hours making speeches, the procession, with its banners and anti-Thatcher slogans, was still pouring into the park.

"The rally had actually finished and people were still arriving. It was a staggering response," a Labour Party official said yesterday.

Estimates of the number that turned out ranged up to 70,000. Many came from areas of unemployment outside Scotland. Mr Michael Foot, leader of the Labour Party, walked at the head of the demonstration, which he said expressed the rising fury against the Tory Government. He went on:

"There have been great and historic meetings here before, but never as great as this. They were there because of a human disgrace. Unemployment, he predicted, would soon pass the two and a half million mark as 12,000 people a week were thrown out of work."

For the first time, however, there was full employment on Saturday. Hundreds had been drafted into the city for the day because the march coincided with two other demonstrations, by Scottish "loyalists" and by a faction of the National Front and with a local football derby.

Only a handful turned out for the National Front demonstration, and they joined the 1,000 "loyalists" who marched under the eyes of a large force of police.

The trouble during the day developed at Parkhead football ground, where Celtic met Rangers and 176 supporters were arrested. Forty-nine people were injured and 19 taken to hospital. The match was the first serious test of the new law banning drink and drunken spectators from sporting events.

Mr Malcolm Rifkind, Minister responsible for Home Affairs at the Scottish Office, who visited the ground, was generally satisfied with the result.



Benjamin Savage, aged 22 months, getting to know a snowman at Box Hill, near Dorking, Surrey, yesterday.

Rescuers in action as snow sweeps Britain

Continued from page 1

is seriously ill in hospital at Cardiff after she slipped and fell 20ft over a railway bridge during a snowfall fight yesterday.

Mountain rescue teams in Glenageary and on Ben Nevis were also kept busy during the week-end. On Saturday night two English climbers were rescued after they had been caught in an avalanche on Stob Coire Nam Beithe in Glenageary.

Mr Michael Hays, aged 22, of Sutton in Ashfield, Nottinghamshire, and Mr Richard Haley, also 22, of Barrow-in-Furness, were brought 3,000ft down the mountainside by Glenageary mountain rescue team after being

found in the snow-filled central gully having fallen 200ft. Mr Hays was taken by helicopter to hospital, in Glasgow where his injuries were described as serious, but Mr Haley was discharged yesterday.

The Langdale and Ambleside mountain rescue team in the Lake District was called out to rescue a Fleetwood man who had broken his ankle while walking in snow at Alcock Tarn, Grassington.

The worst affected region of snowbound Britain was the West Midlands where up to eight inches fell.

The race meeting at Wolverhampton today has been abandoned after four inches of snow fell.

Big cuts in careers service cash sought

By Mark Jackson
Educational Supplement

Doncaster Council will today be asked to cut back its careers department to the lowest staff levels in the country. The plan has been decided on by the council's ruling left-wing Labour group which says that the service is a waste of money.

The cut of £54,000, which represents one-fifth of the careers department's budget, will, the principal careers officer said, bring its case loads up to those of Leicester, whose cuts last year drew a ministerial warning that the Government might have to consider taking over the local authority careers service.

Ministers are awaiting the council's response to a conditional Department of Employment careers inspectorate report, which says that the cuts have caused serious damage to the service.

Most Labour authorities, particularly those in areas of high unemployment, like Doncaster, have been strengthening their careers departments, which play a key role in the government schemes for the young unemployed. But Mr George Kinnell, Doncaster council leader, told the council committee last week that the Labour group had found it was "wasting a lot of money on a cosmetic service."

Referring to widespread protests from MPs for local authorities to cut teachers and employers' groups against the proposed cut, he said that "political lobbyists" were trying to deflect the group from its purpose.

Critics claim that a council study, which appeared to show that Doncaster was spending a fifth more for each pupil on its careers service than similar towns in the area, overlooked the inclusion of the £60,000 cost of setting up a new careers centre during the year of preparation.

But Mr Arthur Heaven, chairman of the education committee, said the decision had been taken as a matter of principle. He told a meeting of careers staff that the council had to choose between priorities and that careers services cut was equivalent to closing libraries or museums.

The only other local authorities known to be reducing their careers departments this year are Cumbria, which is making a 10 per cent cut, and East Sussex and Surrey, which are making smaller reductions in staffing.

In brief

700 flee from hotel fire

About 700 guests, visitors and staff were safely evacuated when fire severely damaged Ye Olde Felbridge hotel in East Grinstead, West Sussex, early yesterday.

The fire is thought to have started in a room adjoining the kitchen, where an ox was being spit-roasted. Police said the cause was not regarded as suspicious.

Irish ministers try to avert petrol strike

Talks were held in Dublin last night to avoid a petrol shortage. More than 800 of tanker drivers began an official strike over pay at midnight on Friday. Ministers had meetings with both sides to get negotiations reopened.

Brian Sellers dies

Brian Sellers, the cricketer who led Yorkshire to the county championship six times during his captaincy from 1933 to 1947, has died at his home in Bingley, West Yorkshire. He was 73.

Student hurt in fall

Miss Lynne Dorrington, a student, aged 19, of Salway, Cheshire, was very ill with injuries in hospital at Sheffield yesterday after falling 35 feet from the balcony of a hall of residence in Clarkehouse Road, Sheffield.

Constable stabbed

Police Constable Jonathan Spink, aged 23, was stabbed in the hand yesterday as he tried to arrest four youths caught stealing from a passenger's car on a train at Leicester Square Tube station. He was detained in hospital. The youths escaped.

PC saves man

A young man who roped his neck and jumped off the medieval walls in York yesterday was saved when Police Constable Stephen Harris grabbed his coat and dragged him to safety.

No inquest on player

The Sheffield coroner has decided not to hold an inquest into the death of Keith Solomon, aged 19, the reserve goalkeeper at Sheffield United, who collapsed and died last Thursday.

Hotel hostages freed

An armed gang released unharmful two hotel workers they had taken hostage after failing to open the safe of the Killiney Hotel, 10 miles from Dublin in the Irish Republic yesterday.

Farm death toll

Human error is blamed for 95 per cent of accidents on farms, and a quarter of the deaths are avoidable, according to a new agricultural safety code, published yesterday.

Hunt for TB carrier

The police are searching for a tramp with a bad cough who is the carrier of a highly infectious form of tuberculosis. He discharged himself from hospital in Eastbourne last week.

Punter's £100,000 win

A £100,000 fortune is waiting to be collected at a Manchester betting shop by an anonymous punter, whose £49 stake on a six-horse accumulator bet came up on Saturday.

Britannia inquiries

The number of crewmen from the royal yacht Britannia being questioned about alleged homosexual acts has risen to eight.

Unions hope for pay flexibility

Continued from page 1

A similar settlement to the miners' 13 per cent 10-month deal and it is possible that militant workers in Wales will today join water workers in the North-east and impose an unofficial work to rule.

The water workers are unlikely to weaken in the face of the Government pronouncements, and the chief negotiator for the Civil Service unions gave a warning that a strong line from the Government would be likely to produce a similar response from the unions.

Mr William Kendall, secretary general of the Council of Civil Service Unions, said: "There would be a hardening on our side, I believe we are in for a bruising battle."

Mr Kendall said it was inevitable that some action would be taken place if the Government was inflexible. It is thought that Lord Soames will offer an extra 1 or 1½ per cent on top of the 6 per cent to the union leaders today.

Leaders of the nine unions meet on Thursday to take a final decision on industrial action which is due to start with a one-day national strike on March 9.

Waiting in the wings of the public sector pay round are the 42,000 gasworkers whose leaders meet the employers tomorrow and are hoping for an improvement on the last 9.7 per cent offer.

Leading article, page 13

Relief at lack of new labour law cases

By Our Labour Editor

Officials at Mr James Prior's Department of Employment are relieved that the Employment Act, 1980, has remained virtually unused since being put on the statute book last summer.

Civil servants at the department charged with monitoring the progress of the labour law reforms are unable to trace any case in which the various provisions on secondary picketing, the closed shop and secret ballots have been invoked.

That failure by employers to take advantage of the legislation is largely attributed to the low level of industrial action, generated by the fear of unemployment, during the 1980-81 pay round.

But Mr Prior is far from dismayed at the silence that has descended over changes in the law which were designed to create a better climate in which unions and managements could make improvements in industrial relations.

He is said to be pleased that there has not been a spate of litigation and industrial strife over the Act, since its eventual success depends on its being given time to become acceptable.

Apart from the case of Miss Joanna Harris all that Mr Prior's officials have in their thin file on use of the legislation are press cuttings about a small manufacturer of putty in the Midlands threatening to invoke the section on secondary picketing, and a report that Mr William Keys, general sec-

retary of the printing union, Sogat, knew of the Act "being waved in front of his members."

Miss Harris, a poultry inspector, was dismissed by Sandwell council, West Midlands, for refusing to join a union.

The inactivity has not deterred the TUC from publishing a lengthy guide to trade union activists on how to carry on as though the law had not been changed, and the existence of the Act continues to sour relations between the unions and the Government.

The TUC is to consult more than 100 affiliated unions on their views about the recently published Green Paper on trade union immunities. But unions are deliberately breaching the deadline for representations on the issue set by the Employment Secretary.

Mr Prior has asked interested parties to make their views known by the end of June, but the TUC will inform him that that timetable cannot be met. A final response is being left to the annual congress of the TUC in September, and he will be informed then.

The TUC argues that such a drawn out consultative process shows the seriousness with which the unions regard the far-reaching implications of the various proposals for fresh legal curbs advanced in the Green Paper, and their concern that any future legislation should not further restrict the framework of British industrial relations.

Flexible working at Talbot despite union opposition

The 1,700 workers at the Talbot car plant near Coventry, will go over to conditional-style flexible working when they resume a four-day week on Tuesday.

For the past six months the plant has worked a one-day week, and 525 men left recently under a £2m redundancy scheme.

Mr Peter Griffiths, the managing director, says the new efficiency move is a "brave new start". It is copied from the system in the French factories of the Peugeot SA parent company.

The unions have not agreed

to the scheme, which will allow the loss-making firm to produce more cars with fewer people. Mr Griffiths said: "It can mean the difference between 90 scheduled rather than 90 per cent and that is absolutely vital."

The new formula will enable Talbot to renege and perhaps cut the time allowed for some jobs and speed up the assembly line.

The company is to spend more than £10m on preparing Ryton to build the Horizon model, at present imported from France.

From the grass roots: Reversing the trend to machines Farmer proposes voluntary land army on a regional basis for seasonal jobs

By Ian Bradley

A Yorkshire farmer believes that Britain's present high level of unemployment could be reduced, and the needs of farmers met, by reviving the idea of a land army.

Mr Ivor Holmes, who raises beef cattle and grows fruit and vegetables at Birstwith, near Harrogate, says that like many farmers and market gardeners he needs seasonal casual labour.

"In the summer I will need fruit pickers. In October I will need about a dozen people to tie up raspberries. I could also do with people to plant vegetables at various times."

At the moment I have to call individuals or have to employ students and retired people. It would be much better if I could ring someone up and book a gang of workers."

What Mr Holmes proposes is that a mobile gang, drawn from the unemployed, should be established in regions throughout the country. Farmers would be able to hire the gangs on contract, paying a lump sum for the mobile gang to be done.

Earnings could be directly related to the speed of the work, which would be supervised by a gang leader.

He emphasizes that recruitment to the mobile gangs should be voluntary rather than compulsory. "There is no point in using people who do not want to do that kind of work."

He thinks that the only period during which it would be

difficult to find work for the gangs would be between mid-December and mid-February.

Mr Holmes feels that the availability of labour gangs would help to reverse the trend whereby many farmers are introducing expensive machinery or even moving out of crops that are labour intensive because they cannot find casual workers.

"People are pulling out of growing raspberries, tomatoes, asparagus and other vegetables because of the shortage of labour," he says. "Every year farmers who previously used people to harvest potatoes are buying foreign-made machines costing over £30,000 to do the job."

He has used unemployed youngsters as fruit pickers himself. Last year he offered to take a jobless school-leaver on to his farm under the Government's Youth Opportunities Scheme, but found no enthusiasm for the idea among local officials of the Department of Employment and Manpower Services Commission.

He would like to see some unemployed executive with administrative experience take up his idea and start a gang in one area as a pilot scheme.

He says that the scheme could be set up in the North, East Angles and Kent and other coastal, East Angles and Kent are market gardening regions which he thinks would have a particularly strong demand for casual labour.

He also sees no reason why the scheme should be confined to working on the land. "The gang could also be used for jobs like painting factories which require a large labour force and come round only once in a while," he says.

Britain has a smaller proportion of its workforce (2.6 per cent) employed in agriculture and horticulture than any other country in the European Economic Community. Mr Holmes hopes that, by giving unemployed people a taste of farm work and reversing the tide of mechanization, his idea might prove the first step towards creating far more permanent jobs on the land.

In the longer term he would like to see smallholdings and allotments made more readily and cheaply available to those among the unemployed who want to set up on the land. He deplores the fact that county councils are selling off their smallholdings and that the extension of tenants' rights under the Agriculture Act, 1976, discourages landowners from letting land.

Century-old passion is aroused again over politics behind Gaelic football

From David Nicholson-Lord
Belfast

To anyone unversed in the intricacies of Ulster politics, Gaelic football may seem an innocent, if inscrutable pastime. The fact that many people think very differently is a potent factor in the continuing debate about devolution in the province.

While the apparent inscrutability can be put down to ignorance of rules which are rather less intrinsically confusing than cricket, the emotions aroused by the game took root about a century ago. Last week those emotions surfaced again in the Rev Ian Paisley's Protestant heartland of Ballymena, Co. Antrim.

Ostensibly, the issue centred on the decision by the province's Department of the Environment to grant planning permission to the All Saints Gaelic Club for new pitches and changing facilities. In reality it concerned the antagonism of "loyalists" towards the Gaelic Athletic Association (GAA), the body responsible for Gaelic football and companion sports

like hurling and handball. In Ballymena, Mr David Mitchell, the recently appointed Northern Ireland Minister for the Environment, was greeted by a crowd of demonstrators on arriving for a council meeting on the day the decision was announced. The council, controlled by Mr Paisley's Democratic Unionist Party, then effectively voted to expel him from its meeting on the ground that he had capitalised to an "anti-Protestant, anti-British and pro-republican organization."

The GAA, which celebrates its centenary in three years, was founded during the Gaelic revival as an avowedly nationalist body. Its headquarters are in Dublin, and perhaps a seventh of its nearly 3,000 clubs are in Ulster, each devoted to promotion of Irish language and culture as well as sport.

What particularly annoys "loyalists" apart from the GAA's official espousal of a united 32-county Ireland, is the rule dating from the turn of the century which declares that

TUC tells trades councils to shun H-block meeting

By Our Labour Staff

The TUC has warned the country's 440 trades councils not to take part in a conference next month seeking support for H block hunger strikers in Northern Ireland.

The conference, in Coventry on March 14, is expected to attract republican and extreme left-wing delegates and is believed to have the support of a few trades councils.

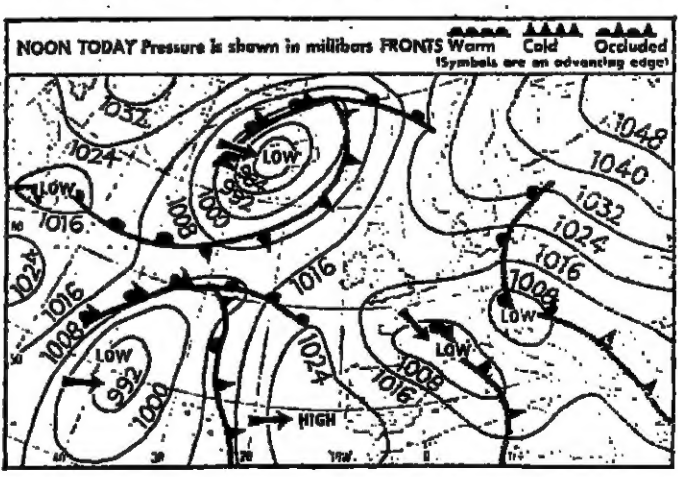
A TUC circular carries an implicit warning that any council attending may forfeit official registration because the aims of the conference are incompatible with TUC policy of non-violence.


The TUC supports the Northern Ireland Committee of the Irish Congress of Trade Unions.

The TUC believes that the conference, organized by the Smash the Prevention of Terrorism Campaign, directly conflicts with congress policy, which does not for example favour withdrawal of troops from Northern Ireland.

One of the trades councils understood to be supporting the conference, Tameside, Manchester, was "de-registered" by the TUC last year when it tried to organize a similar conference under the slogan "Bring the Troops to Britain".

Weather forecast and recordings



Today	SW England, S Wales, Channel Islands: rather cloudy, occasional sleet or snow, some bright or sunny intervals; wind NE, moderate; max temp 2° to 4°C (36° to 39°F).
 Sun rises : 6.59 am	Sun sets : 5.30 pm
Moon sets : 9.1 am	Moon rises : 10.26 pm

London: Temp: max 6 am to 6 pm, 3°C (37°F); min 6 pm to 6 am, 1°C (30°F). Humidity: 6 pm, 75 per cent. Rain, 24hr to 6 pm, trace. Sun, 24hr to 6 pm, 1,015.1 millibars, falling.
Yesterday: London: Temp: max 6 am to 6 pm, 4°C (39°F); min 6 pm to 6 am, 0°C (32°F). Humidity: 6 pm, 93 per cent. Rain, 24hr to 6 pm, 0.01in. Sun, 24hr to 6 pm, 1,015.1 millibars, rising.

Overseas selling prices	London: Temp: max 6 am to 6 pm, 3°C (37°F); min 6 pm to 6 am, 1°C (30°F). Humidity: 6 pm, 75 per cent. Rain, 24hr to 6 pm, trace. Sun, 24hr to 6 pm, 1,015.1 millibars, falling.
Aluminium 15.12	Colony 1.12
Antimony 1.12	Copper 1.12
Asbestos 1.12	Gold 1.12
Bauxite 1.12	Iron 1.12
Bitumen 1.12	Lead 1.12
Brass 1.12	Nickel 1.12
Butadiene 1.12	Platinum 1.12
Calcium 1.12	Silver 1.12
Carbon 1.12	Tin 1.12
Chromium 1.12	Zinc 1.12
Cobalt 1.12	
Copper 1.12	
Gold 1.12	
Iron 1.12	
Lead 1.12	
Nickel 1.12	
Platinum 1.12	
Silver 1.12	
Tin 1.12	
Zinc 1.12	

How much would you pay to give a lost little girl a start in life?

Susie (that's not her real name) attends one of the special day care centres we run for children whose future is at risk. As little as £2 could help her.



She is 3½, the child of a broken marriage, with a violent father. When first she came to us, she was so lost and disturbed, she wouldn't speak and didn't even know how to play.

Now, she's beginning to talk and smile. She enjoys painting, and she's building up confidence in herself so that as she gets older, she may be able to relate properly to others.

Susie's tragic story is typical. Little children like her, defenceless, bewildered products of our confused society are the ones most likely to end up delinquent, making a mess of their own lives, and their own children's lives in turn.

At Barnardo's, we run day care centres with trained and dedicated helpers for these children. And, of course, we run residential homes and schools for children—but we are always concerned to try and keep children and parents together. Our help has no limits, but our money does. Skilled help like this costs a lot—though in the end it can not only give Susie a start in life, but also save society a great deal in later years.

Dr Barnardo's

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HOME NEWS

Government told of security risk at Brixton

By Peter Evans
Home Affairs Correspondent

Brixton prison has been forced to hold more than 50 top security prisoners, the second highest number in any prison in England and Wales, although it lacks adequate defences against escape.

The Home Office was told by prison department chiefs about Brixton's security shortcomings two years before the escape of three category A prisoners. Mr William Whitelaw, Home Secretary, ordered an inquiry into that escape.

It was conducted by Mr Gordon Fowler, deputy Director-General of the Prison Service, but Mr Whitelaw said Sir Michael Hayes, QC, Attorney General, had advised him it would not be right for his report of an inquiry to be published at present because of criminal proceedings relating to the escape. Nor did Mr Whitelaw go into details of how the escape took place.

Though the Home Office is refusing to say "for security reasons" how many category A prisoners are in Brixton, it is obvious to anyone in contact with them. Their presence has constituted a security risk to London that the Home Office is not talking about.

Category A prisoners are those whose escape would be very dangerous to the public or to police, or to the security of the state. The classification of prisoners into various categories is recommended by Lord Mountbatten of Burma after the escape of George Blake, the Soviet spy.

Lord Mountbatten recommended that a new maximum security prison, Vectis, planned on the Isle of Wight, should be built there as soon as possible to hold no more than 20 category A prisoners. Instead of concentrating such prisoners, the Home Office decided that they should be dispersed among other prisoners in establishments which had to be specially strengthened.

Brixton was not properly strengthened, although it has been forced to contain almost all as many top security prisoners as Vectis would have. Brixton lacks an adequately floodlit inner fence equipped with cameras and stinging devices. As the recent escapes showed, the walls are unmountable.

At the time of the escape, there was scaffolding on the neighbouring C block.

Backed likely for £2m lightweight train programme

The Government is ready to spend £2m on a scheme involving the use of lightweight trains in Britain's loss-making branch lines.

Mr Norman Fowler, Secretary of State for Transport, is keen to see the scheme work.

So when British Rail produces a blueprint for the East Suffolk line, which runs between Ipswich and Lowestoft, a show what can be done, Mr Fowler is likely to pay the £2m bill.

Obsolete signalling equipment would be dismantled and replaced by radio telephone links between the driver and a central controller. Manned level crossings would become continental-type automatic barriers.

And a new two-car railbus, now ready to go into experimental service, would replace the outdated expensive diesel units.

The railbuses, which are Leyland single-deck bus bodies and engines mounted on railway chassis, will be built at a new factory to build and run as existing trains.

Meanwhile Mr Fowler is studying a joint British Rail-Department of Transport report, which last week firmly backed a £75m electrification programme for the 11,500-mile network.

Up to 80 per cent of all passenger traffic and more than half the freight, could run on electrified lines by the turn of the century.

Report alleges unjust delays being imposed on Asians

By a Staff Reporter

The Home Office is deliberately delaying the entry to Britain of former East African Asians in India, according to a report published today by the Joint Council for the Welfare of Immigrants.

The waiting period for those citizens of the United Kingdom and colonies has grown to more than five and a half years, despite the fact that only a third of the special quota was used up last year, the report says.

The authors of the report, Mr Ian Martin, the council's general secretary, and Mr Harshad Savani, an immigration worker from Leicester, say that delay is unjust and unnecessary. They investigated the operation of the special voucher scheme on a visit to India last month and concluded that it resulted in hardship and the splitting up of families.

About 5,000 former East African Asians and their families have applied to come to Britain on the voucher scheme out of the 20,000 to 40,000 who want to India. The report says that the Home Office refuses to allow any of the quotas for other countries to be used to absorb those people, contrary to a recommendation three years ago by the select committee on race relations and immigration.

Home Office figures confirm police harassment, MP says

By Our Home Affairs Correspondent

Figures provided by the Home Office support the widely held view that police harassment occurs in inner-city working-class areas, Mr Michael Meacher, Labour MP for Oldham West, says in a letter to Mr William Whitelaw, the Home Secretary.

The figures, which were given in a letter to Mr Meacher from Mr Patrick Mayhew, Minister of State, Home Office, show the number of people and vehicles stopped in each district within the Metropolitan Police area.

For the area as a whole, stops in 1979 as a proportion of the population amounted to 7.7 per cent. In Waltham Forest, Redbridge and parts of Essex the figure was 3.6 per cent. But in Westminster it was 32.1 per cent and in Southwark 15.7 per cent.

The fact that the poor, working-class inner London districts almost all have a stop rate more than 11 per cent does seem to give conviction to the view that people in these areas are subject to a disproportionate amount of police harassment," Mr Meacher says.

It might be said that the enormous variations of that kind in the stop rate are justified by the fact that it is in the inner London areas which have the highest crime rates. But more often than not, it is the inner London boroughs with the highest stop rates which have the lowest crime rates.

Mr Meacher comments: "One of the issues which has caused great concern to the Home Office over the last year, and which generated considerable bipartisan pressure to 'repeal the stop' law, was the question of the high level of stops used by police which do not lead to arrests."

He points out that even if a "stop" law (section 4 of the Vagrancy Act, 1824) is repealed in favour of a Criminal Attempts Bill, the police will still have such powers as section 68 of the Metropolitan Police Act, 1839 to stop, search and detain people "on a considerable scale".

Mr Meacher quotes figures from Mr Mayhew as showing that the number of persons and vehicles stopped in 1979 (562,940) is high, roughly one in 14 of the population of Greater London, but the number of arrests which resulted is extremely low.

In no less than 90 per cent of cases, there were no arrests, and the persons concerned were not proceeded against, being charged, referred to juvenile bureau, cautioned, or in any other way.

Medical view of 'Rastas' is challenged

By Lucy Hodges

Complaints that a disproportionate number of black people are being placed in psychiatric and maximum security hospitals have been referred to the Department of Health and Security by Mr Timothy Raison, Minister of State at the Home Office.

Mr Raison agreed to take the matter up with the health department after black representatives complained to him at a Home Office workshop on race relations in Birmingham last month. They were also concerned that some doctors regarded Rastafarianism as a sign of personality disorder.

Mr Paul Bosteng, a black solicitor, said that he knew of a hospital in south London where a doctor refused to treat black people with psychotherapy and would instead give them drugs and electro-convulsive treatment.

The health department has not yet replied to Mr Raison's letter. It is believed that the number of non-whites in psychiatric hospitals would be a difficult figure to collect, although the number in special hospitals could be established without much difficulty.

Discontent in the black community has concerned the case of Steven Thompson, aged 26, a Rastafarian who was moved to Rampton top security hospital five days before his expected release from Grixee prison, Liverpool. A demonstration was held outside the hospital, and it looks as though Mr Thompson will shortly be transferred to a local psychiatric hospital.

Mr Denis Howell, Labour MP for Birmingham, Small Heath, who took up the case with the Home Secretary, said the doctors agreed that Mr Thompson needed some form of treatment, but that it would be better if that was decided by a Birmingham consultant. Mr William Whitelaw, the Home Secretary, agreed with that, he said.

Dr Ian Pickering, the medical officer responsible for the case at Rampton, said that Mr Thompson did not need to be in a maximum security hospital. He had been transferred to Rampton two months ago by the Home Office on the ground that he would be dangerous if released, Dr Pickering said.



Record flight: Captain Giles Kershaw (left) and Sergeant Gerry Nicholson, his flight engineer, at Luton airport yesterday with their de Havilland Chubb Twin Otter in which they completed the first flight around the world

via the South Pole. They began the 61,000-mile trip in October to link up with members of the Transglobe Expedition before its record-making crossing of Antarctica. The expedition, led by Sir Ranulph Twisleton-Wykeham-Fiennes, reached the pole on

December 15, and overcame a big hurdle in the attempt to become the first expedition to circumnavigate the globe via both poles. Captain Kershaw was responsible for ensuring that the three-man team had a constant supply of food and fuel during the crossing.

Photograph by Charles Milligan

Mersey docks company to announce survival blueprint

From Our Correspondent
Liverpool

The Mersey Docks and Harbour Company will give details of a blueprint for survival for the port of Liverpool at a press conference on Wednesday. Mr Michael Anderson, the company's finance director,

will give details of the programme which aims to make the port, which is Britain's main export outlet, profitable. Last week Mr Norman Fowler, the Minister of Transport, said that the Government will provide funds for voluntary redundancy payments for two months in an effort to reduce

the number of registered dockers in Liverpool and London. The government aid will bring the maximum redundancy pay for dockers up to £16,000. In the past four years voluntary redundancy for Mersey dockers has cost £16.5m and there has been no government help.

As many as 1,000 dockers are being sent home each day on full-back pay as there is no work, mainly because of the recession. The docks company is seeking another 1,500 voluntary redundancies among its dock labour force, clerical and administrative staffs.

Fishermen protest in vote on leaders

Scottish fishermen return to sea today after a three-week protest over cheap fish imports. More than 300 fishermen who attended a meeting in Peterhead on Saturday gave an overwhelming vote of no confidence in their representatives, the Scottish Fishermen's Federation. The federation had boycotted the meeting when the decision was taken to return to work.

Mr Andrew Strachan, one of the skippers who attended, said yesterday: "We have decided to go back to work because our action has not got the leadership to change their views so far. We are all facing bankruptcy as we have to go back." But he added: "It will only be a matter of time before we are forced to stop again."

Mr Peter Walker, Minister of Agriculture, Fisheries and Food, agreed last week to set up a committee of inquiry into the dumping of cheap foreign fish.

Some fishermen had already decided to return, but the 300 who voted on Saturday ignored pleas by the federation to end the protest.

Mr Strachan said: "We have no confidence in our federation because votes have been carried there contrary to the views of our members."

Bagpipe blaze

Fire swept through a factory at Forfar, Angus, at the weekend destroying more than 300 sets of electronic bagpipes.



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DATE OF BIRTH: _____ DATE MONTH YEAR
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ADDRESS: _____
(Including postcode)

AMOUNT DEPOSITED: _____ POUNDS _____ PENCE

I declare that the information given by me on this form is correct.

USUAL SIGNATURE: _____
(If child under 7, signature of person opening account)

If you hold any other NSB Account(s), please quote account number(s): _____

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HOME NEWS

Court ruling opens way to recovery of a sea-bed treasure trove

Student wrests right to salvage Dutch wreck

By Ronald Faux

Work is to resume on the salvage of one of the richest shipwrecks off the British Isles. The Court of Session, in Edinburgh, has given Mr Richard Price, a student and marine archaeologist, exclusive rights to salvage the De Liefde, a Dutch East Indiaman which sank in 1711 on the Outer Skerries, Shetland.

The court lifted its own injunction, issued on behalf of a company which claimed to have a title granted to it by the Dutch Government. The decision is significant because it makes any title issued by a foreign government on a wreck in British waters open to challenge.

Mr Price, who has led five diving expeditions to the wreck, has recovered more than a hundredweight of silver coins and a handful of gold ducats.

He is studying medicine at Dundee University and paid for his marine archaeology by working as a commercial diver in the North Sea oil industry. He plans another expedition to the De Liefde this summer.

The De Liefde, named after a leading Dutch maritime family, was 166ft overall and had a 500-ton cargo capacity. The ship was heading, in a small convoy, round the north of Scotland in November, 1711, with a crew of 200, a company of 100 soldiers and many passengers bound for the East Indies. She had previously made two voyages between Holland and the Far East.

She struck the westerly tip

of the Skerries in wild weather. The only survivor was a look-out at the masthead who was thrown on to the cliff top by the impact. The ship quickly broke up and vanished; legend has it that in subsequent storms people standing on the cliff top were bombarded with gold and silver coins carried in the spindrift.

No detailed inventory was ever found. The convoy was carrying 227,000 guilders, but there was secrecy about which vessel held the money. A salvage ship made a drag search over the wreck in the eighteenth century and later a diver, enclosed in a wooden barrel with a glass porthole and leather sound armholes, searched the site.

He was reported to have recovered 2,000 ducats and 160 gold ducats, but that might have been a conservative estimate.

Archaeologist and treasure hunter Mr Price, of the early eighteenth century had some success. The De Liefde then lay undisturbed until 1964, when a Royal Navy diving party discovered silver coins and an iron cannon in 40 ft of water, a few hundred yards from shore.

Other expeditions followed between 1965 and 1968, led by Commander Alan Bar, now director of Fort Bovisand underwater training centre, Plymouth.

Scientific Survey and Location, a small electronics company with an interest in underwater search technology, commissioned and financed the expeditions, the first in Britain

Private member's Bill aims to put quangos under scrutiny of MPs

By Peter Hennessy

Mr Philip Holland, Conservative MP for Warrington, the leading Westminster campaigner against the proliferation of secondary bureaucracy, is drafting a private member's Bill designed to extend parliamentary control over non-departmental public bodies, popularly known as quangos.

Mr Holland, whose efforts enjoy the warm support of the Prime Minister, will publish his Bill to coincide with the Conservative Party conference in the autumn. It will be dependent on a book on quangos that will appear under the imprint of the Adam Smith Institute, a small Anglo-American "think tank" dedicated to the propagation of anti-bureaucratic, free market ideas.

Should Mr Holland win a high place in the ballot for private member's Bills in November, he will introduce it himself. If not, he will offer it to a sympathetic MP who is so favoured or to the Government itself, which he would like to see adopt the measure as its own.

At present individual quangos are immune from questions put down by MPs. Mr Holland's Bill, if passed, would bring them up to parliamentary scrutiny by obliging ministers to compile and publish an annual register of those non-departmental public bodies for which they are responsible.

Included in the annual reports to Parliament would be the names of the body, the authority by which it was established, the names of chairman and mem-



Mr Philip Holland: assured of Prime Minister's support.

bers, the date and period of those appointments, and whether the posts are full-time or part-time, paid or unpaid, and the remuneration and expenses paid over the previous year.

Ministers would also be required to furnish details of a quango's main items of expenditure, its principal activities, and the nature of the advice it had given its sponsoring department.

Mr Holland said last week that through the device of an annual report he hoped to put pressure on ministers to reduce numbers still further, and to bring the "immovable" as he called the survivors, into the orbit of full parliamentary scrutiny.

Since taking office in May,

1979, the Government has culled 30 of the 2,117 quangos it inherited. A cur of a fifth would save an estimated £23m by 1983-84, the financial year in which the rundown of those already earmarked for destruction will be complete.

The doomsday institutions break down to 372 advisory and 58 executive bodies and six tribunals.

In the lifetime of the Thatcher Administration 20 new quangos have been created, five of which the Government was obliged to establish under the terms of legislation passed by its Labour predecessor. The total cost of quangos to the exchequer was £6,800m in the 1979-80 financial year.

The framework for the quango cut was drawn up by Sir Leo Pritzky, former Permanent Secretary to the Department of Trade who reported to the Prime Minister in January, last year, producing an initial death list of 246 bodies at a saving of £116m. Since then, the work has continued under Mr Edward Osmotherly and Mr David Howells, of the Civil Service Department's machinery of government division, under the supervision of Lord Somers, Lord President of the Council.

Downing Street has encouraged the search for further economies. The department will publish next month an updated version of its catalogue first published in Sir Leo's report listing all operational quangos plus their cost to their sponsoring departments.

Clergy given pledge on nuclear aims

By Clifford Longley Religious Affairs Correspondent

Mr John Nott, the recently appointed Secretary of State for Religious Affairs, has pledged that the West has no policy of delivering a so-called preemptive nuclear strike, nor does it plan to acquire the means to do so.

That is one of a number of points he made in a personal letter to Mr Michael Latham, Conservative MP for Melton, and a member of the assembly of the British Council of Churches, who had passed to him a number of recent statements and reports by church bodies and leaders. Mr Latham has issued Mr Nott's letter for publication.

Mr Nott states that he has great sympathy with those who have expressed the moral difficulties of Christian support for nuclear weapons. He notes that the Roman Catholic bishops of England and Wales had been unable to reach a clear conclusion, and quotes with approval a remark by Mr Sydney Bailey, the Quaker leader, that there was no policy about the threat or the use of nuclear weapons "which does not pose appalling moral and practical dilemmas".

He adds that his own thinking came out at about the same point as the Archbishop of Canterbury's; rejecting unilateral disarmament as right or responsible. Like the archbishop, he favours arms control, but says that this will not be gained by giving the Russians what they want before negotiations start.

He agrees with Dr Runcie and with Dr Kenneth Greet, President of the Methodist Conference, in deploring the amount spent on arms.

"Perhaps I could pick up one other point from Dr Greet's speech," Mr Nott concludes. "He talks of a 'defence policy that envisages a preemptive first strike nuclear weapons'. If by this he meant a policy that would attempt to disarm any adversary by destroying its nuclear capability, then I can assure Dr Greet that the Government has no such policy. It does not possess a plan to acquire the sort of capability that could make disarming strikes a real option."

Earlier he refers to the "Christian moral duty to uphold the essential dignity of individuals against the contempt of human rights demonstrated by the Russian leadership."

Confusion on mobility test as autistic boy gets grant

By Pat Healy Social Services Correspondent

Paul Campbell, an autistic boy, has won his right to mobility allowance after the rejection of an appeal by the Secretary of State for Social Services. That decision has thrown the position of other handicapped children into confusion.

In effect, the decision appears to contradict the intention of the regulations introduced in 1979 to ensure that children suffering from Down's syndrome would qualify if they met the other conditions for mobility allowance.

The Department of Health and Social Security is concerned about the settlement, and is watching the outcome of three other appeals before deciding whether to amend the regulations.

Mr Alfred Morris, Labour MP for Manchester, Wythenshawe, and the minister responsible for drawing up the regulations in the last Labour government, is tabling a priority question in the Commons today seeking a statement on the position.

Mr Morris said yesterday

WEST EUROPE



Technicians sitting through the debris of what was left of their shattered maintenance room yesterday.

Eight hurt by blast at Radio Free Europe

From Richard Davy Munich, Feb. 22

Eight people were injured by the bomb which exploded last night outside the offices of Radio Free Europe and Radio Liberty, the American-financed stations which broadcast to Eastern Europe and the Soviet Union.

Four of the injured were working inside the buildings and one seriously hurt. The rest were Germans within range of the blast which blew out windows in buildings 200 yards away.

Police say the bomb was a large one, about 22lb, with a timing device and must have been placed by experts. However, although the governments of Eastern Europe and the Soviet Union complain frequently about the stations, senior staff were being careful not to jump to the conclusion that East European agents were responsible.

The bomb exploded just before 10pm when the stations are lightly manned. It did not put them off the air.

It caused extensive damage to the editorial offices of the Czech section, where the injured employees were working. Although the switchboard was knocked out the bomb did not delay news broadcasts.

Last September a bomb killed 13 people at Munich's Oktoberfest. It was thought to have been detonated by a young man with right-wing connections who was killed by the explosion.

The radio stations have not been subjected to serious bomb

attacks before, though there were some minor incidents at the height of the cold war in the 1950s and individual members of the staff have sometimes been threatened.

Mr Georgi Markov, a Bulgarian defector who was killed in London by a poisoned pellet, was a contributor. So was another Bulgarian defector who survived a similar attack in Paris. Earlier this month three Romanian emigrés, one in Paris and two in West Germany, received parcel bombs.

The great Italian tomato scandal

From Peter Nichols Rome, Feb. 22

Tomatoes are a symbol of achievement in Italian life and at the same time a ready means of expressing a reaction to failure which is why Signor Arnaldo Forlani's Government must feel unhappy at having to witness a scandal just when it had managed to solve immediate quarrels among the coalition parties at a summit meeting on Friday.

As Signor Bettino Craxi, the Socialist leader, pronounced today: "One cannot live simply from sunbathing. He was looking beyond the latest scandal, though the problem of tomatoes ought, if Friday's agreement among the four parties of the coalition means anything, it gives a hard-pressed Government a problem of high priority to face."

The accusations in this scandal have so far brought 85 arrests with another 40 people being sought by the police. The charges are two-fold: the European Community has been called on to pay subsidies beyond the real level of production of tomatoes while southern Italian workers have been denied proper pay and rights for working the tomato market.

In a word, vested interests, the Camorra or whoever eventu-

ally is blamed, are accused of defrauding the south and, at the same time, the Community, both of which should be sacrosanct if the Government's protestations are anything to go by.

The three-month old Government faces a remarkable range of issues, as Signor Craxi suggested. The meeting of the secretaries of the four parties on Friday has mainly been seen as a result of the disastrous evening in Parliament on Thursday when the coalition, despite its large majority on paper, was outvoted six times by the budget estimates, of all questions, and given a respite only because the Communists agreed to postponing further discussions on the bill.

But the real difficulties were submerged and left as such. Craxi's Government has been called on to the Government last week by discussion of the plans for a future form of rule, much less political and factional, put forward by Signor Bruno Visentini. He is a respected industrialist, a former Minister of Finance, a pioneer of the moves to save Venice from floods and, more to the point, a convinced exponent of the view that governments should be free of the dominance of parties and look to Parliament for individual majorities on in-

dividual measures, instead of having negotiated majorities.

The more fervent anti-Communists were perturbed because his scheme clearly looked to Communist participation in the ad hoc majorities which he envisaged. The more moderate politicians, who have made their careers within the structure of the parties, could not stand a challenge to the methods for which they have worked.

Strict parliamentarians, as opposed to the factional mentality, reluctantly had to admit that parliament is a splendid institution as Signor Visentini feels, but it scarcely works any more.

The blast of anger against Signor Visentini is symptomatic of the feeling among the politicians that change is best avoided.

Signor Craxi openly regards himself as a factor of change in the sense that he feels he could become Prime Minister and so break a Christian Democratic monopoly of three decades.

Exactly what the new thinking in Italian affairs means is unclear. One newspaper today devotes its analysis to the question of whether the new fresh stimulus is coming from right or left. Certainly it is there and, as Signor Craxi says, Communists will not make it go away.

US blunder arouses Greek anger

From Mario Modiano Athens, Feb. 22

Greece has formally protested to the United States about the unauthorized training exercise carried out on Friday by a United States Army detail in the northern city of Drama.

An official statement said that the incident had resulted from a violation by a junior officer of regulations prohibiting manoeuvres by American troops in Greece outside their encampment, without specific permission.

The Greek protest was made yesterday by Mr Constantine Mitsotakis, the Foreign Minister, to Mr Robert McCloskey, the United States Ambassador, who was summoned to the Foreign Ministry.

Though the Americans had already offered full explanations and apologies to the Greek authorities, the American ambassador reiterated his Government's regret and assured the minister that existing agreements and rules would be strictly adhered to in future.

The incident has strengthened the Greek hand in the negotiations with the United States on defence co-operation, at least in their demand for effective control of American troops in Greece by Greek command. This had been one of the moot points.

The incident has revealed the presence of American servicemen outside the four main United States bases, and that is bound to cause some embarrassment to the Greek Government, especially as it is generally assumed that the United States Army detail was guarding nuclear warhead deposits.

The men belong to the 553 United States Army Artillery Group which is believed to have responsibility for guarding under a double-key arrangement, the tactical nuclear warheads at the base near Drama, as well as the warheads to trespassers that they can be shot on sight.

The Athens press has also suggested that the 20-man detail that sallied through the main streets of Drama, wearing gas masks and protective clothing, was actually engaged in an anti-nuclear drill, not, as the Americans stated, one related to chemical warfare.

The opposition parties in Greece have denounced the incident as an American provocation.

Education bodies accused of breaking the law

Economy cuts are forcing many local education authorities to break the law, the Advisory Centre for Education alleges.

It has written to Mr Mark Carlisle, Secretary of State for Education and Science, asking him to name authorities which are failing to meet their statutory duties under the Education Act, 1944.

It says that a recent draft report by Mr Carlisle's own team of independent inspectors confirms that many authorities are in breach of the law.

The department said yesterday: "We are not aware of any authority which is in breach of the 1944 Act."

Rejecting the second allegation, an official said: "The HMI Inspectors' report did not say or indicate that any local education authority was breaking the law."

The advisory centre said recently that Oxfordshire and at least 11 other local education authorities were in breach of their statutory duties.

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Lisbon party wants to limit Eanes power

From Michael Hornsby Brussels, Feb. 22

Lisbon, Feb. 22—Portugal's Social Democratic Party (PSD) today committed itself to limiting the powers of President Eanes in a long-term strategy document approved on the last day of its congress.

The party also declared its loyalty to the governing Democratic Alliance coalition formed with the Christian Democrats and the tiny monarchist party.

Senator Francisco Pinto Balsemão, the Prime Minister, still faces a test of strength in an election for the party's national council. He had demanded a public endorsement of his policies from the congress, but candidates backed by him, are opposed by a rival list.

The attitude the PSD should take towards the President has been at the heart of the controversy, especially the three-day congress. The party agreed to oppose any attempt by General Eanes to interfere in government or in the forthcoming revision of the constitution.

Politicians said the debate on the party's long-term strategy showed the disagreements between the party and its partners in the ruling alliance.

Mr Walker to fight threat to British farm incomes

From Michael Hornsby Brussels, Feb. 22

Mr Walker, the Minister of Agriculture, is to make clear his strong opposition to the 5 per cent revaluation of Britain's "green pound" proposed by the European Commission as part of this year's EEC farm price settlement. The effect of the "green pound" adjustment would be to reduce the average rise in EEC farm prices of just under 8 per cent recommended by the Commission in no more than about 3 per cent in the case of British farmers.

Mr Walker, who meets his EEC counterparts tomorrow in Brussels for a first discussion of the proposals, regards such a modest increase as totally unacceptable. A 24 per cent drop in real terms has suffered, by British farmers last year.

Because of its remarkable rise in value in recent months, the pound's exchange rate is now about 18 per cent higher than the outdated "green rate" used to translate EEC farm prices (fixed in units of account) into sterling.

To bridge the gap between these two rates an 18 per cent tax is imposed on the bulk of

Basque doctors condemn consuls' kidnappers

From Richard Wigg Madrid, Feb. 22

The Basque Medical Association has told the kidnappers holding three Basque doctors that they have no right to complain about police torture of suspected terrorists while they themselves are depriving people "of the most basic human right—liberty."

As the police and the Civil Guard in the Basque country continued the search for the consuls of Austria, El Salvador and Uruguay, reports from Bilbao spoke of other consuls leaving their homes there and taking refuge in quieter parts of Spain.

The Basque doctors, one of whose colleagues, Dr Antonio Alfaro, is among the three

seized, made their views known in a public statement. At the same time the politico-military wing of the separatist organization, ETA, continued to exploit the impact of the recent death of José Arregui during interrogation by the Madrid police. The kidnappers are apparently making no direct contacts with the families of their victims.

It was through the local newspapers that the "poli-milis" was the ETA's politico-military wing is known, threatened to go on "making the most appropriate use of arms" to achieve Basque autonomy, including further possible kidnappings of consuls to attract international attention. The organization also called for the dismissal of Señor Juan Rosón, the Interior Minister in the caretaker govern-

ment, and for reforms in the Spanish police.

In San Sebastián the Basque left-wing party, which is close to the "poli-milis" and has one seat in the Cortes, held a press conference yesterday to show photographs of the allegedly badly battered body of José Arregui.

Eighteen colour photographs of the beaten corpse of José Arregui were published by the independent newspaper *El País*. They showed Arregui laid on a bloody sheet on the autopsy table, black with bruises on his shoulders, back, legs, face and buttocks and with raw burn marks on his soles of his feet (UPI reports from Madrid).

The photographs had been sent anonymously to the

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Cambridge laboratory gets £350,000 to aid research

By Pearce Wright Science Editor

An English businessman working from Toronto has established a fund worth £350,000 over seven years for the Medical Research Council's laboratory of molecular biology, in Cambridge.

A foundation in honour of one of the Nobel prizewinners who have worked at the laboratory has also been created; it will be called the Max Perutz Fellowship.

Dr Perutz said yesterday: "The offer came out of the blue from the industrialist, Mr Thomas Usher, who has a company called Dextran which makes blood substitutes and other specialized medical products. In his original letter, he explained that he had followed the work of the laboratory and would like to support the sort of research done in Cambridge."

The first research fellowship

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OVERSEAS

West's resolve to keep defences strong undermined by false view of détente, Nato chief says

By Our Foreign Staff

A false view of détente is undermining Western solidarity, Dr Joseph Luns, the Nato Secretary-General, told a lunch conference of Western defence experts at the weekend.

Practice had shown that among Western defences were fundamental elements of détente, he said, but the Western public had lost sight of the fact, and this was weakening the resolve of the Western alliance to maintain effective defences.

"I might even say that this was one of Moscow's goals when it helped to initiate détente more than 10 years ago," Dr Luns told his audience of 140 from nine nations.

It was ironic, he said, that détente—originally seen in the West as a way of stabilizing relations with the Soviet Union—was now exerting "a negative influence on the internal cohesion and solidarity of the alliance partners".

One of the worst aspects of the situation was that too little had been done to destroy the public's illusion that détente was irreversible, he said. The West had clung to this illusion in spite of the Soviet invasion of Afghanistan and recent threats against Poland.

The West had to "swallow the bitter medicine and accept sacrifices for a secure Western defence," Dr Luns said.

"We must reckon that a future generation of Soviet leaders, who in contrast to the

present ones will have no personal experience of the horror of war, may be far more inclined to concentrate on the military achievements of the Soviet system to compensate for the many-faceted shortcomings of the Soviet system in other areas," he predicted. It was a vain hope that the Soviet system would improve.

Earlier, Herr Hans Apel, the West German Defence Minister, defended his Government's record on defence spending in the face of American criticism that European expenditures are too low.

Germany, like most Nato members, has failed to implement Nato's decision that national defence budgets should increase by 3 per cent over 1980-1981.

He said the conference that German defence budgets had increased by 21 per cent in real terms in the past decade. But he admitted that the Soviet SS20 nuclear missile, which poses the most serious threat for West Germany, would be completely deployed well before Nato's first Pershing 2 and Cruise missiles were in position.

The Soviet Union was deploying the SS20 at an unexpectedly fast rate, he said.

Herr Apel told the conference that Helmut Schmidt's Social Democratic Party is opposing Bonn's support for a Nato decision to deploy 572 Pershing 2 and Cruise missiles in Western Europe. However, Herr Apel told the conference that his Government would carry its share of any defence increases

Ecuador and Peru move closer to war

Lima, Feb 22.—Peru and Ecuador today seemed closer to war after a Peruvian warning of revenge attacks if Ecuador made new incursions across the disputed border. Military sources said the Peruvian armed forces were on full alert.

At the same time, Ecuador's Ministry of Commerce announced that all imports of Peruvian goods had been suspended. The Peruvian ultimatum was included in a communiqué from the presidential palace which claimed the seizure of three Ecuadorian emplacements inside Peruvian territory.

"The Peruvian armed forces have precise instructions from the supreme Government to eliminate any infiltration directed on the Peruvian side of the Condor mountains," the communiqué said. Any further incursion would be considered an act of war.

The communiqué made no mention of casualties in the operation against the three positions, but it said a Peruvian reconnaissance helicopter was shot down on Friday.

The fighting shattered the ceasefire agreed on February 2 which was achieved through the mediation of the United States, Chile, Argentina and Brazil. Guarantor nations of a 1942 treaty defining the border.

Representatives of the four nations were briefed in Lima last night by Señor Javier Anías Stella, the Foreign Minister, diplomatic sources said.—Reuters.



Barry's affair: There was no official comment from the Foreign Office on the disclosure yesterday that Sir Geoffrey Harrison, a former British Ambassador in Moscow, had been recalled to London after he had reported having an affair with a Russian chambermaid employed in the embassy (Our Diplomatic Correspondent writes).

Britain urged to fund Zimbabwe land plan for black farmers

From Nicholas Ashford Salisbury, Feb 22

A three-member parliamentary subcommittee on overseas development, which has just completed a 10-day visit to Zimbabwe, is to recommend that Britain should become "the major contributor" to a programme of land acquisition under which black peasant farmers can be resettled on land owned by white farmers.

Mr Kevin McNamara, the group's Labour leader, said in an interview shortly before leaving for London that the question of land was of the utmost importance to the Government of Mr Robert Mugabe. "The success or failure of his Government will ultimately be measured by the way it deals with the question of land settlement."

The Zimbabwe Government is carrying out its land acquisition programme on a willing seller, willing buyer basis. The Prime Minister has made it clear that his Government does not want to force white farmers to sell land. Nor does he want the transfer process to reduce the productivity of the (white) commercial farming sector.

"If the resettlement programme is seen to succeed it will help guarantee the stability of this very impressive Govern-

Pakistan ban on Bhutto widow after student riot

From Huzan Akhtar Islamabad, Feb 22

The Pakistan Government today banned Begum Nusrat Bhutto, president of the defunct People's Party and widow of the executed Prime Minister, from entering the North West Frontier Province. Serious clashes took place between police and students there yesterday resulting in injuries on both sides.

The ban was imposed after Begum Bhutto was reported to have left Karachi for Peshawar. Similar restrictions have been placed on Miss Benazir Bhutto, the daughter of the late Prime Minister, although according to Karachi reports, she has not left for Peshawar.

President Zia ul-Haq held a special Cabinet meeting attended by provincial governors and the Army corps commanders, to discuss among other topics the recent wave of student recruitment and violence in different parts of the country. As a first step almost all universities and colleges in the Punjab and the North West Frontier provinces have been closed indefinitely.

The worst of the recent student demonstrations took place in Peshawar yesterday. According to the Government, students used 503 rifles looted from the university security staff armoury, in addition to revolvers and pistols against the police force deployed to prevent students marching towards the city.

Pricing system blamed for shortages

Polish farm failure at root of crisis

By Timothy Garton Ash

A root cause of Poland's crisis is the catastrophic state of its agriculture. Food price rises sparked off the first wave of strikes last July, as they did in previous political upheavals in December, 1970, and June, 1976.

Food shortages continue to anger workers belonging to the independent trade union movement, Solidarity. Moreover, about 55,500m (12,390m) of borrowed Western money, nearly a quarter of the huge foreign debt, has gone to pay for imports of food and fodder.

"We have eaten that much," Professor Zdzislaw Grochowski, Deputy Minister of Agriculture, said. His Government is asking the European Community for a further 50,000 tons of meat and 10,000 tons of butter.

Yet this rich and fertile country has traditionally been a big exporter of food. In the 1950s it was selling about 35,000 tons of pork a year to Britain alone. Only since 1972 has it become a net importer. What went wrong?

Inordinate consumption and inadequate production is Professor Grochowski's short answer. He believes that Poland has a level of consumption comparable with that of France in 1970, and a gross national product nearer France's 1960 level.

Meat consumption increased between 1970 and 1975 by the same amount as in 1950 to 1970. According to official statistics Poles eat about 160lb of meat a head a year (compared with 57.32lb in Britain).

Personal observation suggests that the statistics do not lie. Despite the three-hour queues in the snow and the empty butchers' shelves most Poles still seem, somehow, by paths often private and mysterious, to obtain the ingredient which traditional Polish cooking uses so generously.

Domestic meat production, however, is down an estimated 18 per cent in January 1981 compared to January 1980. Last year's potato harvest was half what was expected—blighted by disastrous weather. The Minister lays great emphasis on the weather, for which, of course, no government could be held responsible.

But, being new in office, he also acknowledges frankly that

the state food price system is much to blame. For several years it has simply not been worth while for the private farmer to send his pigs to the official market.

Furthermore, the low productivity of other sectors of agriculture results from a chronic shortage of fertilizers and machinery. That in turn can be traced back to the long-term "anti-agricultural" character of Poland's industrialization since the Second World War.

Even East Germany has more people employed in the production of agricultural machinery for only a third as much land under cultivation. East Germany's agriculture is the most efficient in Europe. It is also highly collectivized.

Poland's is not—75 per cent of land is in private hands. The rest is divided between state and cooperative farms, which are notoriously inefficient. On average, private farms are 25 per cent more productive.

Yet over the past decade the regime of Mr Edward Giersek, the former party leader, continued to pour money into the state sector, and to expand it by requisitioning private fields. That impeded the improvement of supplies from the private sector. Private farmers were disadvantaged in many respects—over the supply of building materials, the granting of modernization loans and the prices they got at market.

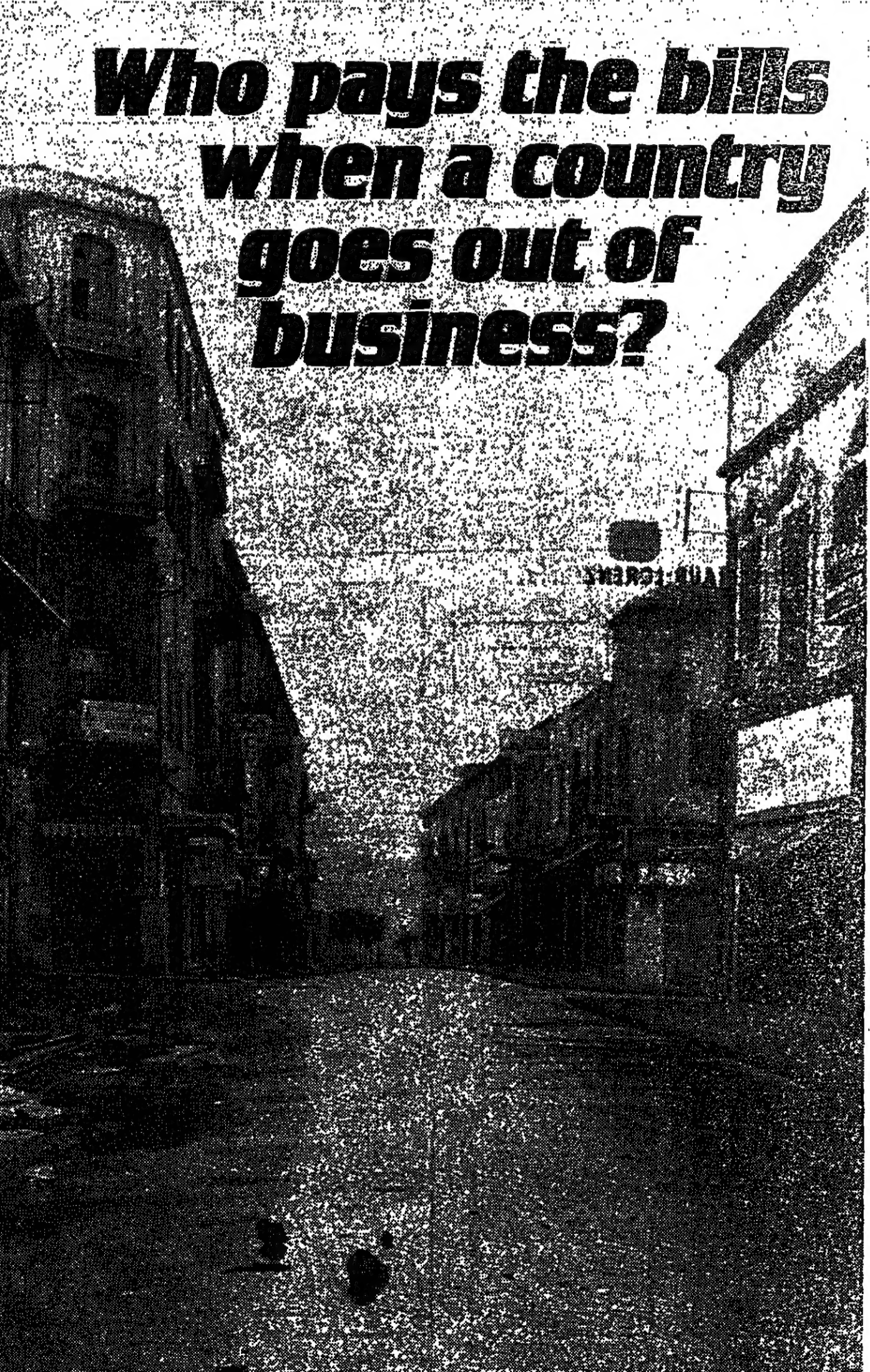
It also resulted in a further fragmentation of the pattern of landholding. The characteristic patchwork quilt of smallholdings (the average size of a farm is five hectares) is ironically enough a product of the communist authorities' policies in the 1940s, when they distributed land to win the allegiance of a solidly conservative Roman Catholic peasantry.

The lack of success of the attempt is obvious.

Private farmers all over Poland are organizing independently under the banner of Rural Solidarity. Representatives of this movement already claim a membership of over half a million out of a total of about 3,500,000 private farmers.

The communist regime sowed the wind; it is reaping the whirlwind.

Next: Agricultural reform.



Who pays the bills when a country goes out of business?

A desolate street, with business at a standstill, shows the utter paralysis of this unhappy corner of the Mediterranean.

In the past few years, a number of countries have literally gone bankrupt, as a result of political or economic failure, or sometimes both.

Obviously, there are still plenty of other overseas markets where British companies are doing very well. But anyone who has been doing business with a country like this one will know the difficulties of getting paid for their exports.

Last year alone, ECGD paid out about £180 million to British exporters for losses of this kind; this figure actually accounts for two-thirds of all claims. Ironically, the buyers involved might well have been willing to pay, but the money simply could not be transferred out of their countries.

In addition, exporters must also contend with several other potential risks, from natural disasters to bankrupt customers. (In fact, nearly £70 million in claims was paid for the default or insolvency of individual buyers.)

Even so, many British exporters still have their heads firmly in the sand, thinking "it could never happen to us."

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instance, by giving cover direct to a financing bank. Or providing cover for sales from stock held overseas (and for the stock itself). And cover for contracts financed or invoiced in foreign currencies.

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Police kill four as mobs go on rampage in Gujarat

From Trevor Fishlock Delhi, Feb 22

Four demonstrators were shot dead by police in Ahmedabad today as trouble rooted in caste conflict spread in the Indian state of Gujarat.

There were also reports that five people, including a doctor, had been stabbed. In two districts of the city, rioters turned out to stone police and burn buses, despite a curfew order.

More than 150 people were injured, and a hundred arrested, as police in several towns used tear gas, gunfire and baton charges to break up mobs and restore order.

The trouble, which started with demonstrations by medical students, has become increasingly violent. Today's shootings brought to 19 the number of people killed since rioting broke out three weeks ago.

Troops have been called in to help police deal with rioters who have burnt buses and shops and who have ransacked offices for furniture to build barricades.

The state government yesterday invoked the new preventive detention law, which provides for detention without trial, to arrest two leaders of the agitation.

Medical students have been protesting at the practice, common throughout India, of reserving places in colleges for people belonging to the Harijan (Untouchable) caste.

The earmarking of jobs for Harijans and tribal people, and the reserving of places in colleges and other institutions, is the most important way in which India tries to create a framework of equality within a society traditionally ordered on caste lines.

Although the intention is admirable, and some Harijans and tribal people have been brought into the economic and social mainstream, the effect of the policy is to lead to resentment. Caste prejudice and rivalry still run deep.

The Gujarat state government's policy of reserving a quarter of places in the post-graduate medical school for Harijans and tribal people led to students forming an anti-reservation committee, going on strike and demanding the abolition of reserved places.

Fighting broke out. Harijans were beaten up, and some of their homes were set on fire. In retaliation Harijans began demonstrations against the students. They have also stayed away from work at textile mills in the past three days.

OVERSEAS

Moscow party congress will opt for orthodoxy at a time when Russians feel threatened

From Michael Binyon
Moscow, Feb 22

The twenty-sixth congress of the Soviet Communist Party, which opens here tomorrow, is being held at a time when the Russians feel their ideology, the bedrock on which the regime bases its legitimacy, is facing a greater challenge than it has for many years.

For the next 10 days the vast propaganda machine of the Soviet state will spare no effort to rally the party faithful, re-ignite the tired slogans, extract pledges of support from foreign delegations and present the world Communist movement as a unified, dynamic and purposeful force still marching towards its ultimate triumph over capitalism.

The congress comes at a time of exceptional difficulty for the Soviet Union. At home the economic situation is serious, with falling growth rates, stagnating productivity, unproductive agriculture, an unmotivated workforce. Abroad the outlook is also gloomy, with renewed challenges to the Soviet Union from the United States, unremitting hostility from China, a guerrilla war in Afghanistan and a crisis within the Soviet Union's own camp in Poland.

Never since the war have the Russians felt so beleaguered, never has such an elderly leadership had to cope with so many complex problems. In Moscow's view it is therefore a time for the Soviet Union to stand up and be counted. It is a time when the Russians want, above all, unity and support, loyalty and cohesion. This congress looks like being exceptionally right in this regard.

These challenges raise many forms, but all are serious. At home there is of course an open opposition, but a much more insidious danger: apathy. The average Soviet citizen has begun to be openly cynical about the ability of the regime to provide the better life he has been promised. Too much has been promised too often before.

No one is now openly re-echoing Nikita Khrushchev's famous boast 20 years ago that by 1981 the Soviet Union would have overtaken the West in its standard of living and provision of consumer goods. But recent Soviet commentaries have pointedly spoken of the necessity to postpone earlier targets because the country's defences had to be strengthened in the face of new threats from the West.

Significantly this week a foreign affairs journal, for almost the first time, publicly voiced what millions of Russians are saying: the country has also to pay vast sums to support Vietnam, Cuba, Ethiopia and other allies.

The Russians have both denied that communism is losing its appeal to Soviet youth. But they have been frank in admitting that its propaganda is weak and cliché-ridden, ineffective and unable to compete with the radio broadcasts and other attractions of the West. And strengthening the ideology at home will certainly be a main topic of the congress.

Abroad the challenges come from fraternal parties that are increasingly self-assertive and independent of Moscow. Some, such as the Chinese, are openly hostile, yet the Russians have been unable to pronounce a formal anathema on them in the name of all the other parties. They have repeatedly tried, and it is quite likely that the recent visit here of Mr Stefan Andrei, the Foreign Minister of Rumania, was to see how far the Rumanians would go with their new condemnation of the Chinese.

However, other parties have also been causing problems, especially the so-called Eurocommunists. The Russians have never accepted the definition or the heresies of these parties. This weekend Tass pointedly printed the assertion by an Argentinean Communist that there was no such thing as Eurocommunism, just as there was no Latin American or Asian communism.

But Moscow now appears to have given up attempts to whip the Eurocommunists into line.

Indeed, this congress is striking for the very low-level representation of the West Europeans.

At a time when the Russians want support over Poland, unity in the struggle against Nato's deployment of American missiles in Western Europe, they cannot afford a public and damaging quarrel with the large Italian party over such issues, and so if Senator Enrico Berlinguer, the Italian party leader, is not coming to Moscow, so much the better.

On the other hand the Russians have been paying considerable attention to their new friends and allies—Third World parties and national liberation movements. This congress is significant for the degree to which Soviet ideologists now regard movements earlier considered only stages towards orthodox communism as quite acceptable vehicles.

The Soviet media have given prominence to such bodies as the Palestine Liberation Organization, the South-West Africa People's Organization (Swapo), the revolutionary movement in Ethiopia headed by Lieutenant-Colonel Mengistu Haile Mariam, the Frelimo movement in Mozambique, the Sandinista movement in Nicaragua and other such groups.

Their leaders are being received here with honours previously reserved for heads of fully-fledged Communist parties. The Soviet party fully identifies itself with the aims and ideology of these movements, and has already begun to set up regular inter-party links with them, thus strengthening Russian influence and support in large parts of the Third World.

The importance of these movements at the coming congress also explains the fury with which the Russians reacted to President Reagan's charges that they were terrorist organizations relying on Soviet arms. The Soviet Communist Party is an ideological party, and its congresses deal largely with ideology. Observers will be watching closely over the next 10 days to see how the Russians counterattack the challenges which their ideology is now facing.



School friends of Jeffrey Mathis, the sixteenth victim of the Atlanta child-killer, carry his coffin to the graveside.

Washington acts as child-killer toll reaches 20

Atlanta, Feb 22.—The White House has set up a Federal task force to help find the killer of black children in Atlanta, Georgia.

Vice-President George Bush, who made the announcement in Washington yesterday, said President Reagan had been informed that the number of children dead or missing had grown to 20 with the addition of two more names on Friday.

"The President expressed his deep concern about the continuing wave of death and disappearance," a press secretary said in Santa Barbara, California, where Mr Reagan was spending the weekend. "He reiterated his desire that the Administration be as helpful as possible."

Meanwhile, police, FBI agents and volunteers aided by tracking dogs fanned out in two

wide-ranging searches yesterday looking for clues in the case. One group searched near a public housing project where Curtis Walker, aged 13, disappeared two days ago. Of the 20 victims, the bodies of only 18 have been found. Each group of searchers carried a list of a description of the articles of clothing last worn by Curtis Walker and the other missing child, Darron Glass, aged 10.

While the searchers were under way, funeral services were held for Jeffrey Mathis, aged 10, who vanished last March. The boy's remains were found on February 13 in south-west Atlanta.

All of the victims have been black children between the ages of seven and 15. Most have come from broken homes in poor sections of the city—UPI.

Bloodless end to takeover of Havana embassy

Havana, Feb 22.—Security forces using tear gas entered the Cuban Embassy here yesterday and arrested the 29 Cubans who had seized the building eight days previously. A Government statement said that no-one was injured and the takeover ended without a shot being fired.

The Cubans, demanding political asylum and safe conduct out of the country, took hostage the Ecuador Ambassador, two diplomats and a Cuban secretary. They released one diplomat two days later. Two days ago they freed the remaining hostages.

The Government statement said the arrest of the group "confirms that Cuba will not give in to blackmail"—Reuters and UPI.

Papal attack on 'Filipino slavery' caused by low pay on farms

Legaspi, Feb 22.—The Pope, in a harsh but indirect attack on the Marcos regime, called yesterday for higher pay for Filipino farm workers, saying their low incomes meant virtual slavery.

He was speaking to farmers and their workers before celebrating Mass in the city of Legaspi when he arrived on the fifth day of his six-day tour of the Philippines.

He has repeatedly appealed for better conditions for the poor during his tour and yesterday said strong efforts should be made to provide full employment and social security for rural workers.

The Pope told the workers: "It is not only employment that justice requires. For to be so poorly paid that you can hardly support yourselves and your families, that you become slaves rather than free and responsible workers—this, too, is not just."

The national minimum wage is just under £1 a day and earlier in the sugar cane producing areas of the south the Pope made a similar call for wages to be increased.—Reuters.

Refugees: At the end of his triumphal tour of the Philippines the Pope described the plight of the Indo-Chinese refugees in Asia as the world's greatest human tragedy. (Peter Hazelhurst writes from Manila).

After pushing his way through thousands of Vietnamese, Laotian and Kampuchean refugees in a camp near the town of Morong in Bataan province yesterday, the Pope said: "This is the greatest of all human tragedies."

Order broke down for the first time during his visit when his bodyguards and his chief security officer were forced to fight off a crowd of cheering refugees who threatened to mob the pontiff and Mrs Imelda Marcos, the president's wife, who has escorted the papal party throughout an exhaustive tour.

Later he flew across Bataan province in a helicopter, to bless a 30ft high cross, put up on Mount Samat as a monument to allied troops who lost their lives during the famous death march of Bataan during the Second World War.

The Pope was nearly jostled today by an enthusiastic crowd of officials and dignitaries who flocked to Manila airport before he boarded a chartered Alitalia DC10 airliner to fly to Guam. The Pope will arrive in Japan tomorrow to begin the second part of his visit to Asia.

The Pope appeared to look nonplussed as his aides fought to clear a path through the crowd to the steps at the aircraft door.

In a brief farewell message, he told President Marcos and the crowd that he would carry forever memories of the vitality of the church in the Philippines. Asia's only predominantly Roman Catholic nation.

During his visit he beatified 16 Christian martyrs who were tortured and executed in Japan during the seventeenth century and expressed a desire to visit China to reunite five million

Chinese Roman Catholics with Rome. According to reports from Peking, Bishop Michael Fu, the leader of China's official Roman Catholic Church, has spurred the Pope's call for reconciliation.

Guam greetings: The Pope, who arrived in this tiny American island in the Pacific tonight, was cheered by thousands when he spoke a few phrases in Chamorro, the local language made up of Malay, Spanish and Tagalog (Reuters reports from Manila).

Almost all of Guam's population of 150,000 and many people from the surrounding Marianas archipelago, which is predominantly Roman Catholic, turned up to welcome the Pope when he arrived from the Philippines.

He was welcomed by former Senator Mike Mansfield, now United States Ambassador to Japan, on behalf of President Reagan and by Mr Paul Calvo, Guam's governor.

In the cathedral, the Pope addressed a local priest and hailed the work of missionaries in the Marianas Islands, discovered by the Portuguese explorer Ferdinand Magellan in 1521 and colonized by Spain until 1898, when they were ceded to the United States at the end of the Spanish-American War.

Many of the people in the welcoming crowd were American servicemen and their families from the United States air and naval bases on Guam.

\$1m reward is offered to trace diplomat

Washington, Feb 22.—Groups in the United States and Sweden have offered a reward of \$1m (£443,000) for information that would help them to trace Raul Wallenberg, a Swedish diplomat who rescued Jews from the Nazis during the Second World War and was arrested by Soviet forces.

Moscow has said Mr Wallenberg is dead; but there have been several reports that he is a Soviet labour camp.—Reuters.

Chad overshadows summit

From Charles Harrison
Nairobi, Feb 22

Widespread opposition to the proposed merger of Libya and Chad, and proposals for an African peace-keeping force to supervise elections in Chad, are expected to dominate the meeting of the Organisation of African Unity's ministerial council which opens in Addis Ababa tomorrow.

President Siaka Stevens of Sierra Leone, this year's chairman of the OAU, recently sent Mr Abdulahi Conteh, his Foreign Minister, to Libya to

see Colonel Gaddafi. The Libyan leader showed no readiness to accept an OAU decision condemning the proposed merger and calling for the withdrawal of Libyan troops from Chad.

Both Chad and Libya are members of the OAU, but neither is expected to accept its proposals, and this could lead to a serious clash.

The ministers meeting in Addis Ababa can be expected to press again for implementation of the United Nations plan for a ceasefire in Namibia and for elections supervised by the United Nations.

Secretarial and Non-secretarial Appointments also on page 18

LA CREME DE LA CREME

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LA CREME DE LA CREME

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EXECUTIVE SECRETARY TO THE CHAIRMAN

Chairman of International Group with headquarters in Dubai requires Executive Secretary to organise his personal office in the Group's headquarters and to act as his personal secretary. The ideal candidate will be a woman, single, with a minimum of 5 years' experience in a similar position. She will be responsible for the day-to-day running of the Chairman's office and will be required to travel frequently. Salary package negotiable around £7,000 (tax free) with furnished flat and transportation.

Air passage paid to UK annually for 4 weeks holiday. Interviews Applications with C.V. to Box No. 2419 F The Times.

ODDS 4-1 £7,000

Four main Directors of a City firm of insurance brokers seeking a highly motivated, energetic, and experienced person to travel with them to various parts of the world. The ideal candidate will be a woman, single, with a minimum of 5 years' experience in a similar position. She will be responsible for the day-to-day running of the Directors' office and will be required to travel frequently. Salary package negotiable around £7,000 (tax free) with furnished flat and transportation.

Air passage paid to UK annually for 4 weeks holiday. Interviews Applications with C.V. to Box No. 2419 F The Times.

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Entice yourself sitting in an elegant reception area in a central London office. You will be responsible for the day-to-day running of the office and will be required to travel frequently. Salary package negotiable around £5,500 (tax free) with furnished flat and transportation.

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FRENCH SPEAKING P.A. REQUIRED

to work in chairman's office of London office. High salary for single, well qualified person under 30. Please apply with snapshot to Box 2578 F, The Times.

BAKER STREET, W.1 Salary £6,000

Partner, professional office requires well educated, mature secretary with pleasant personality and excellent secretarial skills. Interesting range of duties.

Phone Evelyn Woodhams 437 5491 No Agencies.

FRANKFURT P.A.—£8,000 a year

For overseas group manager of a leading engineering and construction company. Fluent German and English. Must be able to work on own initiative and hold the post in boss's absence. There are three other similar vacancies within this company.

Please call Morrow Employment, 01-636 1247.

STAFF TRANSLATOR FRENCH & GERMAN INTO ENGLISH

EEC Commission in the City of London seeks a young, energetic, and experienced person to translate French and German into English. Must be able to work on own initiative and hold the post in boss's absence. There are three other similar vacancies within this company.

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PA/SECRETARY £6,500

We are a small friendly agency in the City of London. We are looking for a PA/Secretary to work for a senior partner in a leading firm. The ideal candidate will be a woman, single, with a minimum of 5 years' experience in a similar position. She will be responsible for the day-to-day running of the partner's office and will be required to travel frequently. Salary package negotiable around £6,500 (tax free) with furnished flat and transportation.

Air passage paid to UK annually for 4 weeks holiday. Interviews Applications with C.V. to Box No. 2419 F The Times.

DIRECTOR'S SECRETARY £6,000 + MORTGAGE

For City merchant bank to work for Director in investment. Good salary and excellent benefits. Must be able to work on own initiative and hold the post in boss's absence. There are three other similar vacancies within this company.

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KNIGHTSBRIDGE £6,500

If you have good experience of work in the City but would now like to be based in the West End, you might enjoy working for a newly appointed Assistant Director in a well-backed finance group. He needs a secretary with good basic skills and experience in the City. As he will be meeting and liaising with V.I.P.s he needs a smart, poised secretary to act as an efficient backup. Luxury office overlooking Hyde Park. Age range 25-35. Ring 437 1126

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The Society's Child House Consultant seeks an experienced PERSONAL ASSISTANT with excellent secretarial skills. Must be able to work on own initiative and hold the post in boss's absence. There are three other similar vacancies within this company.

Please call Morrow Employment, 01-636 1247.

MATURE SECRETARY £5,000

The Administration Manager of a large firm of accountants needs a mature, experienced, and efficient secretary. The ideal candidate will be a woman, single, with a minimum of 5 years' experience in a similar position. She will be responsible for the day-to-day running of the manager's office and will be required to travel frequently. Salary package negotiable around £5,000 (tax free) with furnished flat and transportation.

Air passage paid to UK annually for 4 weeks holiday. Interviews Applications with C.V. to Box No. 2419 F The Times.

Kampuchea relief fund £44m short

Bangkok, Feb 22.—The United Nations needs a further \$100m (£44m) for its 1981 relief programme in Kampuchea to enable the country to become self-sufficient in food by the end of the year.

Mr James Grant, executive director of the United Nations Children's Fund (Unicef), today described the biggest international aid operation since the Second World War as "a reasonably successful effort".

The disaster stage was over, Mr Grant said on his return from Kampuchea, though relief was still needed to get village life back to normal. The international relief effort was mounted in 1979, just after the fall of the Khmer Rouge regime, which in three years had brought the Kampuchean people near to extinction.

Last year \$600m (£265m) went on Kampuchean relief, most of it supplied by western nations, and the target for this year submitted to a meeting of the donor countries last December was scaled down to about \$200m.

So far, however, only \$97.5m of that sum has been raised, exclusive of the Japanese and Australian contributions. Mr Grant said that a recent mission to Kampuchea by the United Nations Food and Agriculture Organisation (FAO) had confirmed that the rice yield after the rainy season, which is just over, amounted to 700,000 tons.

International relief organisations suggest that the 1981 contribution by the Soviet Union and East Europe to Kampuchea should be 100,000 tons of rice. The international minimum programme for Kampuchean relief also includes 20,000 tons of fertilisers, 10,000 tons of seed, and 25,000 tons of rice seed.—Agence France-Presse.

Prisoners of conscience

Two trade unionists, who were also widely respected black community leaders in the Western Cape, were arrested last August during unrest prompted by the boycott of the Crossroads squatter camp.

One of them, Leon Mphahlele, was released after two weeks. The other, Oscar Mpetsha, the 71-year-old founder member of the South African Congress of Trade Unions, and national organiser of the African Food and Canning Workers Union (AFCWU), is still in detention.

Mr Mpetsha was held in solitary confinement for five months under Section 6 of the Public Safety Act. On December 5 the Wynberg Magistrates Court, sitting inside Pollsmoor Prison, charged him with six terrorist offences, which include assault and injury, the barricading of public places, damaging of motor vehicles, and the murder of two white men.

Seventeen other detainees—all in their twenties—have been charged with him. Some observers believe there is no evidence that he was involved in the murders and that the authorities are using them simply as a means of getting rid of a troublesome campaigner. They also fear for his health, as he is a diabetic.

The trial is due to be held on March 3 at Cape Town Supreme Court.

Sudan expels PLO envoy

Khartoum, Feb 22.—Sudan today ordered the representative of the Palestine Liberation Organisation and three of his aides to leave the country within 48 hours, the Sudanese news agency reported.

It said he had criticised the Government and behaved badly in public. The agency said the decision did not imply that Khartoum was severing relations with the PLO.—Agence France-Presse.

Bomb explosion in Tehran kills two people

Tehran, Feb 22.—Two people were killed and another injured when a bomb—second in two days—exploded here last night near an Islamic meeting hall.

Two people in a shop nearby were killed instantly and a passer-by was injured the newspaper Ettelaat said.

No one has claimed responsibility for the explosions.—Agence France-Presse.

Voters confirm Fraser dominance

From Douglas Aitken
Melbourne, Feb 22

The Liberal Party retained its seats in three by-elections at the weekend, thus firmly maintaining the Fraser Government's public approval rating.

The most important of the three was the seat of McPherson on Queensland's Gold Coast. The by-election was caused by the death last month of Mr Eric Robinson, the former Liberal Party Minister.

Because of this friction, the National Party fielded a candidate against the Liberal. The main election issue was taxation reform with the National Party strongly advocating the introduction of a flat rate of income tax by the Federal Government.

Mr Peter White, the Liberal candidate, never the less easily disposed of the National Party's Mr Glen Shiel, a former senator.

Prime Minister, took the opportunity to attack the Queensland National Party and Mr Bjelke-Petersen appear to have blundered badly over the McPherson by-election.

The Liberals also won in the South Australian seat of Boothby, where Senator Steele Hall, a former South Australian Premier, had an easy victory, and in the Western Australian seat of Curtin, where Mr Allan Rocher had a comfortable win. The three results combine to create a bleak outlook for the Labour Party, which cannot claim to have done well in any of them. Mr William Hayden, the Labour leader, chose to explain the defeat by huge spending by the Liberals.

تكونا من الأصل

SPORT

Rugby Union

England advance with their backs to the front

By Peter West
Rugby Correspondent

England 13 Scotland 17

It may not have been a classic encounter at Twickenham, but six tries and a climax in which Scotland's hopes on this ground were frustrated yet again produced memorable entertainment on a perfect afternoon for the open game to which both sides were committed. The Scots, who had won the triple crown, had England and Wales in the line-up, and it was a pity that the game was not a little more open. The Scots, who had won the triple crown, had England and Wales in the line-up, and it was a pity that the game was not a little more open.

Another penalty by Hare, which ought to have been a try, was a cruel blow to Scotland. The Scots, who had won the triple crown, had England and Wales in the line-up, and it was a pity that the game was not a little more open. The Scots, who had won the triple crown, had England and Wales in the line-up, and it was a pity that the game was not a little more open.



Twickenham sidestep: Rowan (left) does a Scottish reel as Woodward waltzes through the defence to score the first of England's three tries.

A ruck and Siemen somehow re-emerged outside another powerful thrust by Carleton to defeat yet one more tackle from Irvine at the opposite corner.

Siemen can never have had a more effective game for England. Rowan, who had won the triple crown, had England and Wales in the line-up, and it was a pity that the game was not a little more open.

performance of the highest promise. Though not impeccable, during some fierce Scottish pressure at the start of the second period, it was his narrow failure to find touch that sparked a howitzer from Hay in reply, the opening of Smith and a second try for Munro. Rutherford's overhead pass was a telling factor and Irvine gave the scoring pass.

game. So did his partner Rutherford, whose first kicking was huge and all but faultless. Munro's first try, pursuing a kick by Kenwick on the half hour, owed a lot to the bounce, which was horrid for England's full back and a failure by Hare to fall on the ball as he ought to have, when danger loomed.

It took England's forwards a long time to impose their will at the scrum against a scrum which was a little more open. It would be premature to assume that their freshly designed team are about to launch a new era of Welsh supremacy. Victory finally came with a dropped goal 10 minutes from the end and by the time the game was over, goals, was enough to beat Ireland, who scored two tries.

Reiter, who had a win had come after a game in which he was probably responsible for the euphoria which marked the press conference held by Welsh officials straight after the match. Thanks to a splendid late effort by the Welsh forwards the right side of the scrum was maintained. There were brief moments of improved running among the Welsh back, but the overall effect was disappointing. There could be some further tinkering with the components when the team to play France in Paris on March 7 is announced next Thursday.

Welsh machine may need further adjustment to find right blend

By Richard Streeton
Wales 9 Ireland 8

Wales duly preserved their unbeaten home record in Cardiff on Saturday. It was a narrow victory, but it was a victory nonetheless. The Welsh machine may need further adjustment to find the right blend.

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Some joy for selectors. This was his first try. The selectors were pleased. The selectors were pleased. The selectors were pleased.

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South East boys on the receiving end

Gordon Allan

South East 13 North West 19. Another affair of an international nature was going on in London on Saturday. It was an 18-19 group trial match. The South East boys were on the receiving end.

he was more interested in the players, and he saw nearly 40 of them. Including seven replacements sent on at half time when the South and South West led 13-4.

too solemnly but to imagine all the boys playing some day for England in the Calcutta Cup. Though not, of course, at the same time.

performance of the highest promise. Though not impeccable, during some fierce Scottish pressure at the start of the second period, it was his narrow failure to find touch that sparked a howitzer from Hay in reply, the opening of Smith and a second try for Munro. Rutherford's overhead pass was a telling factor and Irvine gave the scoring pass.

Rugby Union

INTERNATIONAL MATCHES: England 23, Scotland 17; Wales 9, Ireland 8.

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Saracens no match for Rosslyn Park

By Peter Marson

Rosslyn Park 37 Saracens 11. In a wide-open game, Rosslyn Park was a resounding victory against Saracens at Richmond on Saturday. The Saracens were no match for Rosslyn Park.

fourth round of the John Player Cup. Whether the Park take the field under their captain on that occasion is presumably a matter of opinion. The Saracens were no match for Rosslyn Park.

at penalty goals, but failed to convert. The Saracens were no match for Rosslyn Park. The Saracens were no match for Rosslyn Park.

France score a hollow and tarnished triumph

Keith Macklin

Cuy Cauton, of Perpignan, who won no medals in the world Rugby League after a performance in England, France, and Scotland, was described by the England manager, Colin Hutton, as the best player in the world. The results of trials are usually relevant and often misleading. Bulmer himself did not know a score at half-time on Saturday.

England were allowed to run the ball. France consequently won the European championship, having beaten Wales, Ireland, and Scotland. The results of trials are usually relevant and often misleading. Bulmer himself did not know a score at half-time on Saturday.

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Hockey

Slough's speed overcomes Guildford resistance

By Sydney Friskin

Slough became the first team to reach the semi-final round of the national club hockey championship, sponsored by Rank-Xerox, after their victory over Guildford yesterday. The match was played at Slough and Slough's speed overcame Guildford's resistance.

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Swimming

An elfin-faced look about Britain's future

By Athol Stoll

Susanah Brownson, an elfin-faced 15-year-old from Tunbridge Wells, has won the Commonwealth senior and junior records (1min 58.5sec) for the 100 metres breaststroke, when winning that event yesterday at the Barnet Copthall short course meeting, sponsored by Optrex. Susanah Brownson, an elfin-faced 15-year-old from Tunbridge Wells, has won the Commonwealth senior and junior records (1min 58.5sec) for the 100 metres breaststroke, when winning that event yesterday at the Barnet Copthall short course meeting, sponsored by Optrex.

Athletics

Gonzalez runs a lap too few but still gets the gold

Granada (France) Feb 22

The Vigneron European trials brought the European indoor championships to a close in style here today by equalling his own indoor world record. Vigneron, who shares the best mark of 5.70 metres with Konstantin Volkov, of the Soviet Union, won the 50 metres race. Gonzalez runs a lap too few but still gets the gold.

Motor rallying

Finn leads from he start to the icy finish

Adverse weather conditions

Adverse weather conditions tied to prove the Finnish. Finn, from leading the 1981 Rallye International Rally from start to finish in three years. In his Rothmans Ford Escort RS1000, Arikka dominated the first round of the championship, in his Rothmans Ford Escort RS1000, Arikka dominated the first round of the championship.

Cyclo-cross

A man called Stamijnjer makes a name for himself

From a Special Correspondent

Henk Stamijnjer, of the Netherlands, surprised the world professionals' cyclo-cross championship today to complete a weekend of unexpected performances in the three title races here. Stamijnjer, who is 26, is his country's first world champion in the cyclo-cross.

Carbon copy for England

By Joyce Whitehead

England B 2 Spain 0. Two goals both of which resulted from corner and were scored by players in the left wing position, gave England B victory at Bedford on Saturday. After the departure at half-time of Mary Grimley (Leicester), the captain who had followed up a clearance of the goalkeeper to Helen Gray (Suffolk) came on to score the second from a similar situation.

World best by Coghlan

San Diego, California, Feb 22

San Diego, California, Feb 22. A new world record for the indoor mile with a time of three minutes and 52.2 seconds was set by Coghlan. Coghlan made his move with two laps to go in the 11-lap race, holding off Steve Scott, who also finished inside the old record in 3:52.8. John Walker, of New Zealand, finished third in 3:52.8, the fourth fastest ever indoors. Coghlan was actually disappointed. Coghlan said: "I was under the previous record, but you are nothing unless you are number one. I was not one who will ever remember my time."

Kingston's double

Kingston Rowing Club gained a notable double during the national

Kingston Rowing Club gained a notable double during the national regatta weekend on the River Great Ouse. On Saturday they beat a national four and yesterday they beat the national eight. Kingston Rowing Club gained a notable double during the national regatta weekend on the River Great Ouse.

By Norman Fox
Football Correspondent

by Stuart Jones
 Ipswich T 3 Wolverhampton W 1

Tennis

After McEnroe had taken the third set on a tie-break, heavy rain forced a two and a half hour interruption. But the break did not upset the American and he carried through the fourth set in minutes—just in time for a quick words before a waiting helicopter flew him to the airport for a flight home.

ded to the call to
colours and Osman

For the record

Squash rackets

BOULIE: Irish Open. 1st. John Patscher, 8-0 (NZ). 2nd. J. J. 9-8.

Lacrosse

SOUTH OF ENGLAND
First division: Marlborough 12.
Lee 3. Harncliffe 10.
Second division: HATCH: Harncliffe 10.
Lee 3. Harncliffe 10.

By Clive White
Southampton 2 1

Isola 2000	15	45	Fair
Soft snow on icy base			
La Plagne	160	340	Good
Worn patches on lower slopes			
Nirren	130	350	Good
Good skiing everywhere			
Tignes	180	280	Fair
Worn patches on upper slopes			

In the above reports, supplied by the
of Great Britain, L refers to lower slopes

The day United stood still and braced themselves for the worst ; Mackenzie (9) is suddenly the City centre of attraction.

By Tom Gergan

second replay: Clydebank v Kilmarock
(1) St. Mirren.
FA TROPHY: Third round replay
Northwich Victoria v Aylesbury United
SOUTHERN LEAGUE: Cup. Semi-
final, second leg: Redford v Gloucester.
Midland division: Kidderminster v
Tringdon.
RUGBY UNION: Newport v Cross
Keys (7.15); Tredegar v Aberystwyth
7.15).

Today's fixtures

7.30 unless stated
SCOTTISH FA CUP: Fourth round
 second replay: Clydebank v Kilmarock
 at St. Mirren.
FA TROPHY: Third round replay
 Northwich Victoria v Aylesbury United
SOUTHERN LEAGUE: Cup: Semi-
 final, second leg: Redford v Gloucester.
 Midland division: Kidderminster v
 Kidderminster.
RUGBY UNION: Newport v Cross
 Keys (7.15); Tredegar v Aberystwyth
 7.15).

Date		Time		Location		Remarks	
1	May	2	10	10	10	10	10

Brown, 60, 70, 69, 67, 1. Huggins,
 71, 63, 67, 203; G. McKee, 71,
 67, 67; D. McKee, 67, 71, 67,
 67; P. 67, 71, 67, 67, 71, 73, 67,
 67, 67, 71, 67, 70; T. Horton,
 67, 67, 67.

Sweling

MILAN: Six-day race. Final placings:
 P. Minor (Italy) and P. Sorru
 (France) 3-2 place; C. R. 34th
 (Austria) and A. Fritz (Wi. Ger-
 many) 3-4 place; D. Clark and D. Aiken
 (Australians) 4-4 place.

Badminton

long smacking and backhanding in service brought him many points. Eaddeley looked tired and haggard and was well below his best and went down 15-9, 17-15. Jolly was beaten 13-15, 15-9, 12-15 by Prakash, but seemed now his stroke-play and temperament have matured in recent weeks. Jolly has rarely been such a complete winner.

[illegible][illegible][illegible]

هكذا في الأصل

THE ARTS

Books

Communications of excitement

Those who can't write. Those who can't practise Eng. Lit. at universities. Those who can't write the higher (or lower) journalism. Only very rare and versatile birds manage to do all three successfully. Today is the twentieth birthday of Walter Allen, who all his life has been a true novelist, a distinguished academic critic and a literary journalist. His historical literary criticism has become classic. The *Professors of English* are always saying to him: "I read bits of your book in one of my student's essays yesterday." This has unfortunately somewhat obscured his own half-dozen true novels. His masterpiece *All the Life-time*, an old man's view of his past.

Mr Allen is working on his twentieth fiction. What's it about? "God knows. Life, I suppose. All theories about the novel are wrong. Fiction is thought adventure, a piece of self-discovery. With any luck one discovers what it is about at the end." All his life straddling the three stools as novelist, literary critic, and journalist, is a monument to the pleasure of reading. He says: "The main function of a critic is to encourage people to read. I've been pretty excited by many books. All I want to do is to communicate this excitement to others."

He was born and educated at

Birmingham. When he graduated in 1932 with a degree in Eng Lit from Birmingham University ("not the poshest university in the world in those days"), he decided to make his living from writing and made no attempt to do anything else. This was not so silly as it sounds, since at the height of the Depression there was nothing else for him to do anyway.

He scratched a precarious living for a few years with a local news agency, by miscellaneous journalism, and by broadcasting his own stories for the BBC in Birmingham. His first academic post was as visiting lecturer in English at the University of Iowa, and he returned regularly to the States as visiting professor to every campus of Academe from Vassar to Washington University for the next 40 years.

His first three novels had working-class Midlands settings, and are his clumsy, although they have powerful passages. Being intelligent, proper novels, they sold extraordinarily few copies. But he set himself up as a novelist and removed to London, where he did a bit of reviewing and read texts for Metro-Goldwyn-Mayer—"the lowest form of literary life". Nevertheless, occasionally something worth reading came along, for instance, the first Samuel Beckett.



Photograph by Peter Trevelin

The war blocked his desire or his ability to create his own fiction. So, almost by accident, he became a writer about other people's books. His works of criticism were influential and popular, not least because they convey the joy of good writing. He wrote three more novels after the war, changing his style completely from the political to what went on between his own ears, and using form to achieve his ends. He became a professional visiting professor, until he was invited to inaugurate the Chair of English at the New University of Ulster. He would still much rather be known as a novelist than as a critic or a professor.

His latest work of criticism, *The Short Story in English*, will be published by Oxford on Thursday, and could well become as influential (and as useful to students with essays to write) as his books on the novel. He defines a modern short story as a fiction that dramatizes a single incident, and in so doing it utterly transforms it. The basic anecdote is dissolved in the multitude of implications that is apparent to the reader.

Using this tendentious definition he counts Scott as the first modern short story writer, and discusses all the fancy spriters of fiction from then on down to Updike, Silberman, Edna O'Brien, and our other

peers. He gives explanations of their idiosyncrasies and accounts of their stories. He shows how the short story has been influenced both by newspaper journalism and by French literature, particularly by Flaubert.

He discovered Kipling late, and has come to the conclusion that he is the finest short story writer in the language. He wonders why some first division novelists like Graham Greene suddenly produce a single brilliant short story ("The Basement Room"). He wonders why others such as Kathleen Mansfield and A. E. Coppard excel just at the short story.

He worries about whether

the short story and the high-brow novel might disappear completely, being squeezed out by television, films, and the decline of outlets for the short story. In its most high and palmy state, *The Strand Magazine*, by no means a third publication, carried stories by Conan Doyle, Wells, Jacobs, P. G. Wodehouse, and other masters. Walter Allen need not worry. True writing will always rule the other media, so long as there are word-children like him to create it and draw us to it by their enthusiasm. Happy Birthday, dear word-child.

Philip Howard

Resourceful approach to esoteric Strauss

Die Frau ohne Schatten
New Theatre, Cardiff

William Munn

Welsh National Opera's courage and enterprise remain boundless. After their success with Richard Strauss's *Elektra* they might logically have turned to *Sulome* or *Der Rosenkavalier*. Instead they have chosen the most monumental, esoteric and technically-demanding of all his operas, *Die Frau ohne Schatten*, presumably because the music is so magnificent and Hofmannsthal's drama so rich in thought-provoking ideas about the place of men and women on earth.

British audiences until now have seen it only at Covent Garden in German. WNO decided to sing it in English, and commissioned a translation from Eric Crozier, much of it immediately intelligible in performance, and communicating the flavour of Hofmannsthal's text, though they have put it on sale for those who wish to do preparatory homework, as is current WNO policy. The exemplar, fast programme booklet, also useful for this purpose.

Gilbert Deffo's production has been made with touring in mind too, as Hilary Finch mentioned in an article on this page last Friday. So Carlo Tommasini's stage designs are plain but intriguing, observing, and the magical, fairy-tale elements in the drama are respected. A difficult opera to cast at any time, without doubt, but WNO have cast it with outstanding success, provoking general remarks about the performance, not least by the WNO orchestra under Richard Armstrong, who excelled on Saturday not only in the sumptuous climaxes but in the fugue textures of the Nurse's petty conjuring tricks.

Deffo's production, he has said, chiefly sets out to tell the story lucidly, a sensible priority since people have often complained of its obscurity. In his treatment it is a model of clarity, surely because he never allows a cluttered, picturesque stage to distract attention from the characters and their

Barak's novel is merely a floor-space divided into working and sleeping areas, eminently practical, giving directly on to the road to market. Of stage furniture there is none, bedding for the Dyer and his wife, but no beds, alas no bed for the Empress's nightmare either—Deffo makes it take place during a forest walk by her and her Nurse, which is cheating badly, because the orchestral music of that scene is about sleep and dreams.

New York Rock
Rainbow

Richard Williams

The trouble with today's avant-garde rockers is that too many of them think solely in terms of effect, without pausing to consider what, if anything, they are trying to say. There is a depressing unanimity in their wilfully absurd catalogues of incongruous words and phrases, more arcane pop styles of the past quarter-century, and on the evidence of Friday night's concert, at which I heard five of the latest New York bands, that easy option is accepted with as much alacrity across the Atlantic as it is in Britain.

The most entertaining were the Raybeats, a quartet whose pleasingly perverse idea is to recreate the slick guitar-based instrumental music of the Ventures and the Shadows they even performed "The Rise and Fall of Flied Bunt", from the latter's repertoire. Their playing, particularly that of their authoritative lead guitarist, Jody Harris, was as idiomatic as their electric blue suits. With lashings of the tremolo arm, they were enormous fun.

The DBs, another four-piece group, reminded me of a cross

The conjuring tricks are ingeniously suggested, particularly the apparition of flying fishes for Barak's supper and the gleaming sword for disposal of his mistle wife. The earth cannot open, at the end of the second act, nor a river surge on to the stage, but the substitute solution makes the required effect. The Empress's ordeal in the penultimate scene involves more attendants than Hofmannsthal specified, but they enhance the numinous solemnity of her trial.

Deffo does bring the Unborn Children on stage at the end of the opera, not only for a solicitous closing tableau but, presumably, so that the unprepared spectator will appreciate their part in the drama. I should add that the Empress's shadowlessness is achieved by lighting all her scenes from above, though an accident with the lighting panel on the first night momentarily broke this important spell.

The title-role in *The Woman Without a Shadow* is that of the Empress, but in performance the work is usually dominated by the Dyer's Wife who has a shadowy role. So it is here. As the Empress Anne Evans looks (apart from a sly hat out of *Zuleika Dozon*) and sounds appropriate ethereal, and conveys the character's spiritual metamorphosis gradually and naturally, in the end, towards one might have hoped that WNO chose the work as a vehicle for Pauline Tinsley's exceptional powers as a singing actress, so perfectly matched are they to Barak's shrewish, ultimately tamed and submissive wife, a study not merely in bad temper but compounded of loneliness and frustration too.

Barak the Dyer is equally suited to Norman Bailey's operatic accomplishments, and the duet in the first scene of the last act, incorporating the loveliest melody in the opera, proved a musical high-point in this performance, the two vying in glorious tone and expressive eloquence. The Empress, a stiff character even before his near-perfection (erect, not enthroned, in this production), has the advantage of Matti Kasari's heroic, robust tenor voice.

The show is almost stolen by Patricia Payne's seductively malevolent Nurse, tall, terrifying when not wheedling her charges (the lesbian characterization, mentioned last Friday, is most pronounced and illuminating, cruelly so in the end, but no bed, alas no bed for the Empress's nightmare either—Deffo makes it take place during a forest walk by her and her Nurse, which is cheating badly, because the orchestral music of that scene is about sleep and dreams.

between the Monkees and Television. A neat, unspectacular power-pop lifted by the glassily articulate guitar playing of Peter Hollapple. Their best number, a taut instrumental based on the "Mooey" riff, would have fitted perfectly into the Raybeats' set.

Of the Bush Tetras and Poly-rude, little need be said and nothing will be heard in the future. The former, borrowing the worst elements of the Gang of Four and Public Image Ltd, brewed up the kind of thumping, ranting din which now sounds old-fashioned, while the latter have only their usual image—that of five off-duty lifeguards from a 1959 beach movie—to compensate for their well-wrought but superficial music.

The Fleeshtones, led by Peter Zarembo, who performs with the sultry allure of a young jagger, at least brought this long evening to a satisfyingly rowdy close. Their "hey-he" choruses and honking axes suggested the days of the Twist and the Hully Gully; like the Raybeats, they would certainly be better value in a crowded Peppermint Lounge.

The DBs, another four-piece group, reminded me of a cross

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Rowan Atkinson
Globe

Ned Chaillet

Rowan Atkinson falls on his face, he means it. He is certainly not above a pratfall if he thinks it suits one of his more clumsy characters, but here are no accidental tumbles into weak material.

His first West End season as a star comic might once have looked a bit risky, but his dithering public virtually ought out the seats before he opened and he is unlikely to display an undigested routine to him. Until now he has had the admirable habit of taking his risks in shoddy halls during the

Edinburgh Festival and the things that might not work at the Globe Theatre have been left behind.

It is enlightening as well as entertaining to see how Mr Atkinson has developed and refined his skills. Many of his routines have been with him for years, but even those not stale. Plunging into the schoolmaster's roll call once again, he lingers at just the right level to develop innuendo from the schoolboys' names before administering the verbal case to dirty minds.

His characterizations are not only more exact than they used to be, they now seem instantaneous. Some of his transformations may require a change of clothes but they are no more complete than the ones that take place on the open stage.

Mel Smith, one of his

colleagues from television's *Not the Nine O'Clock News*, can take a share of the credit for the glossier presentation. His directing permits Mr Atkinson a ceaseless flow from scene to scene, judiciously breaking the focus with moments for Richard Curtis as a straight man to Mr Atkinson's earlier creations, and with a musical interlude from Howard Goodall who sings "I Hate the French" as a respite from musically backing the entire performance.

A little worrying edge of Mr Atkinson's comedy is the way he emphasizes frailties for his laughs. He is not above letting a character make a joke calling his new son-in-law spastic and his half-witted stagehand personification steals its sympathy in part from the idea of being retarded. That is schoolboy humour and, though he usually

transcends the premises, gloriously so when he uses the idea of television sign-language for the hard-of-hearing as a springboard for broad social satire of the news, it is too easy for his talents.

Still, he is not false even in that and the barbed mockery of *Good Street* romanticism, when his stagehand singularly fails to save a Broadway show, is well placed firmly inside the character. They are all real characters, richly comic and recognizable, whether parading as vicars, mountaineers, vain actors or the Devil himself, and Mr Atkinson is now in a league of his own as an entertainer.

This review is reprinted from Friday's later editions

Photograph by Donald Cooper



Mayerling
Jovent Garden

John Pervical

John Mayerling, who returned to the Covent Garden programmes on Saturday, Kenneth MacMillan does some difficult things well and some easier things less well. He achieves, for instance, what might have seemed the impossible task of applying by look and gesture alone, that Marie Larisch is unduly ex-mistress (it is the ex" bit that is so hard).

Yet the court ball, as well as towing a total disregard of history and protocol (two qualities you might expect at the Royal Opera House) is mostly sheer boring, and the scene with the whorles is just plain ludicrous. If you put into words, in a play, the equivalent of that episode, people would all about laughing. As it is, it is silent, and therefore high art, people sit respectfully.

If you think ballets ought to last for three acts, and look as nearly as possible to silent opera, Mayerling is a silent opera. Personally, I think the best parts of MacMillan's invention would have looked better still if, instead of being padded out with stolid artifice, they had formed part of a long phantasmagoria none act.

One thing that puzzles me is why the score, arranged by John Lanchbery from music by Jost, can sound flat in its total

effect although the individual pieces are often exciting. Perhaps it is the inevitable result of purring many short works after the richest much the same happens almost every time people try to make a ballet score from Scarlatti's music too.

There are to be several casts. The opening one, entirely familiar, contained several splendid performances. Marie Park as a knowing Marie Larisch, Lesley Collier as an innocent-looking but corrupt Mary Versera, Genesee Rosato as a nervously glamorous Princess Louise and Wendy Ellis as her rathery sister Stephanie are a thoroughly convincing quartet of women surrounding Duke Wall's powerful, subtle, disturbing portrait of Rudolf.

As Rudolf is allowed to age during the action, I wonder why most of the other characters remain the same throughout? Monica Mason does manage to show some change in the Empress, but the role is unconvincingly drawn.

Contemporary dance
company from France

Le Théâtre du Silence, a contemporary dance company from La Rochelle in France, will make its British debut at Sadler's Wells in May, presenting works by Merce Cunningham and La Riboud as well as by the founders of the group, Brigitte Lefèvre and Jacques Garnier.

Arena
BBC 2

Michael Ratcliffe

It is hard to imagine anyone being fired by *Arena*'s dull little film about the life and work of Edward Hopper (1882-1967) to rush off and see the marvellous and moving exhibition of his paintings at the Hayward Gallery (until March 29). So the first thing I should say is: do. The paintings do not reproduce well at all, but Alan Yentob (producer) and Carol Bell (director) offered the kind of old-fashioned bloodlet that begins to look distinctly undernourished. After the pictorial and intellectual density of *One Hundred Great Paintings*, and the enthusiasm and energy of *The Shock of the New*, it came out like a committee job.

There was no presenter, only a voice, and no critical value. The pictures were presented as if they were all of equal value, which they are not. Paris and, naturally, New York were featured, but not Cape Cod, where Hopper spent most summers after 1930, and actually built a house, his only house, in 1934. Nobody challenged the "realist" tag which sits awkwardly round Hopper's neck as around that of L. S. Lowry, and nobody sought to square

the opinion of the younger contributors to the programme that Hopper's New York surrounded them still with that of the older ones that it had gone for good. There was some talk about an elaborate (and secondary) drama of the spectator chasing the artist chasing his subject, but little about the immediate and direct impact of his best work: the encroaching wood at the edge of the garden, or over the neat asphalt highway; the mysterious and abstracted figures; the space which Hopper clears to allow an almost psychic tension and silence to flood in.

More light was thrown on his marriage than on his work. Edward and Josephine Hopper appeared as two funny old birds in a television interview of 1961, she chattering away about the ingratitude of men, he looking like a cross between Henry Miller and Robert Frost, declining to say very much except that there was not really very much to say. "Their marriage, it was like a holocaust," said Barbara Novak (but I do not think she meant that). "She felt so strongly about her own work that she didn't want to feed him. They are out of each other." Jo Hopper died a year after her husband, and left their artistic estate to the Whitney Museum in New York. Much of the best, but not all of it, see Gail Levin's *Edward Hopper: The Art and the Artist* (Norfolk, £8.50)—is now at the Hayward Go.

Bach Choir/Willcocks
Festival Hall

Noël Goodwin

In the 25 years since Gerald Finzi died his relatively few works have continued to attract a discriminating ear for the best of the English vocal tradition. I think I am not alone in wishing that orchestras too might feature him more often, and some of our younger cellists take the trouble to learn his rewardingly fine concerto, but it was the subtleties of his approach to the relationship of words and music that were evident when Sir David Willcocks conducted *Intimations of Immortality* at the Bach Choir's concert on Saturday.

Whether the music matches the breadth of verbal expression in the stanzas chosen from Wordsworth, as successfully as in Finzi's smaller work, is debatable, but it includes passages as fine as any to be heard in other settings of English verse. Finzi's perception of experience as a robber of beauty, or of our sensations of it, is expressed with an eloquence of feeling in the pain of loss which communicates through simple devices of harmony and a fine-tempered line that together establish a distinctive musical imagery.

The conductor made much of the hushed opening and closing, the choral questioning of the fading "glory and the dream" the repeated rapture of "I feel it all", and the Holst-like synopses of the Maytime dance rhythms. Philip Langridge brought a clear sense of musical purpose to the tenor solos and the London Symphony Orchestra gave responsive support to the choral texture, well-balanced except only in the smudgy part-singing that attended the vision of youth's destiny in the fifth stanza.

Finzi's *Intimations* had a counterpart in Elgar's aspirations of *The Music Makers* in the second part of the programme, to which Dame Janet Baker added her wealth of tonal splendour as she also did in the "Aldo Rhapsody of Brahms. Sir David brought a fastidious ear for dynamics and blend, or voices to enhance the latter, and in Elgar he came close to reflecting that depth of spirit wherein, as the composer once put it, "I have shown myself".

We were made more than usually aware, for instance, of Elgar's self-quotations and their relevance to the overall musical character, as well as the ingenuity of the word-setting in the poem. If the choir had made more of their consonants, and yet coloured the words: the way Elgar's music determines for them, it would have helped us to share the inward as well as the outgoing aspects of his musical imagination.

Nickolas Grace: the theatrical all-rounder in search of elusive stardom

certain actors hover on the edge of a breakthrough into major stardom for longer than you might expect: one such is Nickolas Grace, though for him this year is already looking as if it might be the big one. On Wednesday he turns up at the young Vic as Richard II in a new production by Robin Gervais, and within a matter of weeks he will be turning up at the major television serialisation of *Brideshead Revisited*. Evelyn Waugh's fictional majest of Harold Acton and Brian Howard are the character of Anthony Blanche.

Now 32, Grace is probably best known for his table-jumping Dromio in Trevor Nunn's celebrated RSC musical comedy of 1977. Enough of his career goes back a long way further than that. The son of a test pilot with a passion for Russian literature, hence the "k" in his christening name, Grace was brought up amid some elegance in a house where father then worked for the family firm and he went to the King's school, then already housing Tomal Pickup. When however he was 14 his father elected to abandon the life of a successful businessman for that of a teacher in London's East End, hereby causing an abrupt shift inward in the family economic fortunes. Grace was hauled out of King's, Chester, and the cathedral precincts and sent to school in the East End where there would not let him

act in the annual Shakespeare play because he was a day boy and not a boarder. Undeterred, he came as 15, formed a rival school drama society for the day boys, principally of course himself.

"I was an intense admirer of Michael Redgrave, who seemed to me to have all the vocal qualities that made Gielgud great and to combine them with Olivier's physical talents, so I wrote and asked if I could make the drama society after him. He agreed, so I pushed my luck still further and wrote to Vanessa asking if she'd be our first president. To my amazement, back came a 10-page letter saying that she'd attend our first meeting. We had about ten members at three shillings a time, but I put a note on the school board announcing Vanessa's arrival and by lunchtime we had 500 members and the headmaster said we could hold the meeting in the big hall and from then on we were an official drama society. It's amazing what a little stardom can do."

"But I owe a great deal to Vanessa: she was the one who told me if I wanted to act the only place to go was the Central School; everyone else told me I had to have a university degree to 'fall back on', but as I only managed two A levels that was out of the question, so then in a kind of panic I auditioned for the last available place at the Central. There were 30 of us trying for it, and

among those who didn't get it was Helmut Berger, who became a film star. So I wonder if maybe I should have failed too."

But he did not fail; instead, he joined that Central generation of Robin Nedwell, Corinna Seymour and Lynda Bellingham, who is now his Queen in *Richard II*. "That was a vintage time at the Central; Cicely Berry was teaching voice. Liz Plisk was in charge of movement and the learning was very intense. From there I got straight into rep at Frinton, eight plays in eight weeks, all the modern standards from *Ustrinov* to *Spring and Port Wine*. Then Manchester where we did the musical *Erb*, which came to London only nobody except Hobson liked it and we were off in a month, so that was my last of the best, but not all of it. Then I did bits in *Z Cars*, and got the juvenile lead in *Yard of Sun* at Nottingham which again might have been the breakthrough as it was a new play by Christopher Fry, and it too died a rather rapid death."

"Meanwhile, I thought I'd better try my hand at directing, so I did a *Yeats* production for the British Drama League which we took to a Berlin festival—only I required a lot of smoke on stage and by about the interval the whole audience left the theatre clutching at their throats and choking a lot. I



think I must have overdone the smoke, because next morning the local papers all headlined 'English Director Takes Revenge on Germans'."

But it was acting I really wanted to do anyway, ever since I'd seen first of all *All Read at the Liverpool Empire* and then that Redgrave Stratford *Hamlet* I knew it was the life for me. I got into the RSC in '72, I think because Trevor had seen me in rep at Bristol and in the McKellen *Hamlet*, and after *The Lower Depths* and *Murder in the Cathedral* at the Aldwych I was Aumer in the Ian Richardson/Richard Pasco mirror-image *Richard II* at Stratford."

So with the memory of that, and the knowledge that Alan Howard is currently a much-acclaimed Stratford *Richard II*, how nervous is Grace? "Very. Mind you, I think I am closer than Alan to Richard's right age at the time of the play, and we're going in

on a very different angle. The 'Young Vic' *Richard* is set in 1917, at a time of great European political turmoil, and there are none of those stylized arias. This is a production about the two bodies of the king, divine and fallible, and we're doing it as a chamber drama because a lot of those plotting scenes must have taken place in antechambers around the palace. It seems to me that this is a play about how society can unbalance a seat of power, and it doesn't much matter whether on that seat of power is Richard or Nixon or the Shah. People are interested now in the chemistry of radical politics, and having done Edgar in the Young Vic last autumn with Philip Locke, I think I've begun to get the feel of the very young audiences who come here and what they expect."

A bachelor, though by no means confirmed as such, Grace lives alone on Primrose Hill and spends his life working. While the *Richard* rehearsals were starting he was still playing Falkland in the Greenwich Christmas revival of *The Rivals*; before that he was Puck at Bristol, Rossetti in the BBC *2* *Louise School* and the fly-eating Renfield in the short-lived Terence Stamp *Dracula*. "There again I thought my West End fortune was made, and in the event we lasted less than a month; another *Dracula* production beat us to the

draw and we had a horrendous first night when people arrived late and Terry got more and more mystical. But I'm not complaining; they let me open the Derby Playhouse with my *Hamlet*, which always means three months out of work because nobody knows what to offer you after you've done it, and I've always been very keen not to get labelled as a certain kind of actor which is maybe why I've avoided too many television roles."

One of Grace's main claims to fame may well prove to be that it was he who first introduced Gillian Lynne to Trevor Nunn when the RSC was looking for a resident choreographer; the result of course has been not only the musical *Comedy of Errors* but also the epic musical walkdown at the end of *Once in a Lifetime* and indeed the start of the whole RSC musical tradition of the late 1970s. He was also the Master of Ceremonies when Bristol recently revived *Caliban*, so it has not been an exactly uneventful career to date.

I've just about managed to teach myself that real life matters more than acting, but I think I prefer the acting. I've just started tap-dancing lessons and I have an Arty Cancelli bursary for singing lessons because I think, if you are going to spend your life in the theatre, then you may as well be able to do everything. You never know what's next."

Sheridan Morley

The oil that has not helped to calm the Falklands

Once again Britain has found itself at the centre of a new round of talks with Argentina over the disputed sovereignty of the Falkland Islands in the Southern Atlantic begins in New York today. Following the somewhat unfortunate and ill-prepared visit to the islands before Christmas by Mr Nicholas Ridley, Minister of State responsible for Latin America, the rapidly dwindling population of 1,700 is now bitterly divided over its future, if indeed there is one.

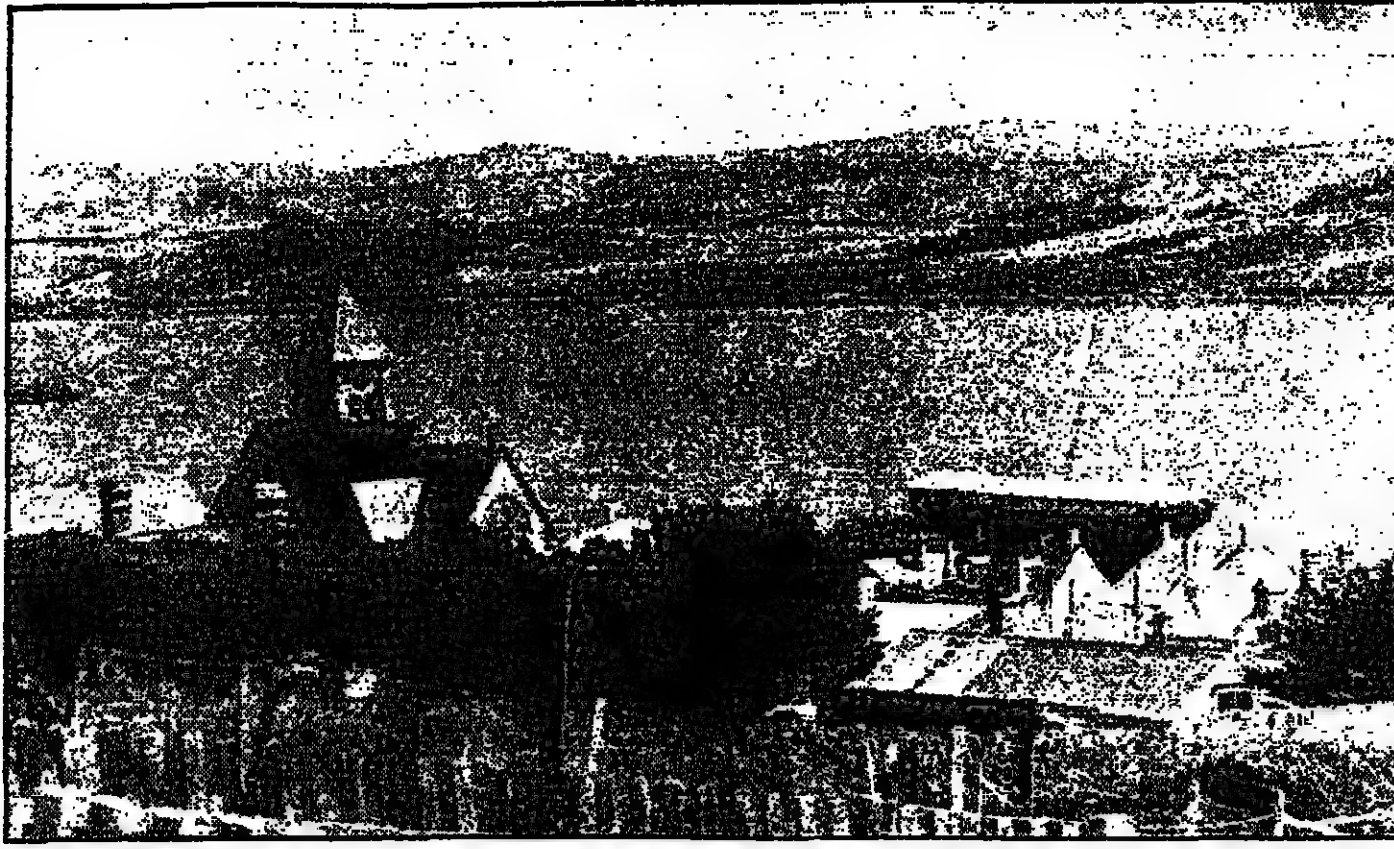
In what appears to have been a fairly desperate last attempt to arrive at a talking point for a possible solution with Argentina over this seemingly intractable problem before the present regime in Argentina changes next month Mr Ridley made a surprise suggestion to the islanders of two basic options: a transfer of the sovereignty to Argentina with an immediate leaseback agreement; and a "freeze" of all current discussions with Argentina to maintain the status quo. Last month the Falkland Islands Legislative Council voted for a "freeze"—a decision which has aroused a very emotional division among the inhabitants who are scattered among 32 farmsteads and small villages on the many islands in the group.

Mr Ridley held out the promise of benefits to the economy from oil and fishing concessions

which might develop if the leaseback proposal was acceptable to the islanders—and to Argentina which has claimed the islands as her own for more than a century, but the islanders, many of whom suspect pressure from Argentina, have not on the whole been tempted by the uncertainty of the current economy which is based almost solely on farming 600,000 sheep.

However, two events since Mr Ridley's visit have exacerbated the situation. Firstly there has been a move to halt the population flow by transferring four families from another isolated British colony in the South Atlantic, St Helena—and hundreds of applications from would-be immigrants have been received. The second event was the visit by the lobbyist Falkland Islands Development Office in London.

Secondly, the more important fact that last week Argentina announced its biggest offshore oil strike near the Patagonian coast. The find has been made by the Shell consortium's Inter-ocean II platform. The well, which has now been capped while further exploration continues, has a flow rate of around 2,000 barrels a day. Oil companies have described this as the largest oil find in the area of the ocean between Tierra del Fuego and the Falkland Islands as a "red hot" prospect.



Port Stanley: tranquility which belies bitter argument.

Although this first major strike is a long way from the islands it is adjacent to the largest concessionary licensing block, Magallanes Este, which comes to within 96 miles of the Falklands. International tenders for this block have to be in within the next eight weeks. Under the contract proposals for this block some \$41m will be spent on seven years preliminary exploration. Shell, which is operating one of the growing number of platforms in the area, is reported to have said in Buenos Aires that it will now continue its exploration programme in an easterly direction—towards the Falklands.

The problem facing Mr Ridley is that the Magallanes Este block straddles what Britain regards as the "putative"

median line between Argentina and the islands. However, technically speaking, the islands only have a three-mile territorial limit and Argentina does not recognize any 200-mile economic zone around the islands because she claims the waters are in her sovereignty. In spite of this the British Government has issued a warning to anyone taking up the concession that if drilling takes place on the Falklands side of the "putative" median line protests will be made and action taken.

With the Argentine economy only again facing crippling problems and with the advent of imminent political change as President Videla steps down she is desperate to increase revenue from oil activity as

much as possible. The country is already 95 per cent self-sufficient. Privately, Argentine officials have also been angered by the immigration moves which some regard as a disturbance of the status quo when plans for the development of joint economic cooperation between Britain, Argentina, and the Falklands were on the table. Argentina has also been angered by Britain's attitude to the issues in the recent past that an order for naval vessels rather than with the British shipbuilding industry which desperately needed the orders.

At the talks today Mr Ridley will be playing for time as big business pressures from Argentina are building up behind the

political scene. "We shall be stalling, just stalling for time," commented the Minister shortly before leaving. Hopefully, if he can stall long enough the islanders may come around to allowing the British government to negotiate some kind of future settlement that would be acceptable to all concerned. As it is the islanders seem only to want to quarrel among themselves, they feel hurt (with some justification at the methods of Mr Ridley's eliciting suggestions, and go on listlessly counting their sheep as the future passes them by. Britain loves a possible share in the oil and who knows what else, Argentina may begin to raise its head, and the confused islanders, if any are left, get nothing.

Michael Frenchman

Eric Heffer

Can we hear murmurings of disenchantment?

The media's recent concentration on the problems of the Labour Party have, to a large extent, masked the internal tensions in the Conservative Party.

The truth is that the Tory Party while not yet in crisis is in deep trouble. Recent speeches by Francis Pym, Lord Thorneycroft and Sir Angus Maude, together with the fact that Sir Geoffrey Howe is inviting groups of Tory MPs to see him at No 11 Downing Street, underline this.

The heart of their problem is the main plank of Mrs Thatcher's policy, which is to control and bring down inflation. This, however, is not being achieved as quickly as Tory MPs had hoped and they are worried that government efforts to control inflation are leading to even higher levels of unemployment. They were also very anxious about the recent proposed pit closures and the mining union's response to them.

The subsequent climb-down has increased their concern. In fact the whole scenario is giving them the jitters.

The statement by Mrs Thatcher at the Young Conservatives conference that "The most enduring argument against unemployment will be the elimination of inflation" and "we must not abandon the long term strategic approach we believe in" is being increasingly challenged.

Allowing for some measure of disappointment at his treatment by the Prime Minister, Norman St John Stevas' remarks on ITN's recent News at One programme, referring to his Bow Group lecture last October, should not be underestimated. Basic theme: similar to that of Sir Ian Gilmour's, is that the Thatcherian views are not truly Conservative.

He argues that modernism, based on a political, social and moral context is positively misleading and dangerous as an indication of party attitudes; and that "The danger facing the Government of being branded as a reactionist is a real one. He obviously pitches for the middle ground.

At this point it is worth noting that the Council for Social Democracy, is claiming that much of its support is coming from disenchanted Tory voters rather than from traditional Labour supporters. This danger, which is real enough, is not being lost on Mrs Thatcher.

She is undoubtedly under pressure from both the left and right wings of her party and Sir Angus Maude's statement last Wednesday, "I hope the Conservative Party is not beginning to lose its nerve. If it is then the prospects for Britain, particularly for industry and commerce, are bleak indeed," indicated the right-wing strength of feeling. He also attacked those people who he said talked about the need to occupy the middle ground.

In such circumstances, Francis Pym's speech should not be underestimated. It is either an attempt to brush up the Government's image, which is the official Tory explanation, or it is the beginning of a serious move towards Mrs Thatcher's removal. It was a "strange" cry in one political commentator described it, than the forceful murmurings of disenchantment which can increase in volume as time goes on. But whatever the truth of the situation, the Tory Party is increasingly in a bind.

Despite the Government's climb-down over pit closures, a U-turn is not "officially" taking place. Yet Sir Keith Joseph and his friends are continually being forced to change direction. Regularly, one of his lieutenants appears in the House of Commons to announce further government aid to prevent yet another great industry from disintegrating. Looking at Sir Keith in the Chamber one can see his eyes. It is clear that he hasn't the friends he once had. The policies he advocated and tried to

put into effect are not working. It is no wonder that he is miserable, with his heart telling him to do one thing and his head, because of harsh reality, telling him to do the opposite.

The first public and official recognition, however, that a change of direction has really taken place and that Francis Pym and his friends' efforts have been successful, will be when Sir Keith Joseph is removed from his position at the Department of Industry, and that event may not be too far off. Despite his personal feelings and great debt to him, Sir Keith could well be Mrs Thatcher's sacrificial lamb to save herself and her party at the next election.

• Sir Keith Joseph could well be Mrs Thatcher's sacrificial lamb



There are many signs which indicate to experienced Tory voters that things are afoot for governments. For example, during the period of a Labour government, Prime Ministers would suddenly appear in the tea-room to chat with backbenchers as if it were a daily occurrence. Ministers' ITNs would be seen talking to many people as they could find to listen. So Sir Geoffrey Howe's invitations to Tory MPs to No 11 Downing Street is but one version of the old theme, to calm the troops, keep them loyal and try to get over the immediate crisis.

It is clear that Tory backbenchers are dividing into three basic groupings. The "West" who go along with Sir John Stevas and Geoffrey Rippon, the "Strong Men", such as Sir Angus Maude, who believe the Government are being too soft on the unions and the multinational industries, etc., and the rest who keep their heads down in the hope that things will blow over.

One thing is certain. When the budget is announced, these divisions will become more marked and in the long run could be of much greater significance than the present arguments in the Labour Party. The formation of a new Social Democratic party or even an alliance between it and the Liberals. Such divisions could bring down Mrs Thatcher's Government, or possibly both.

The author is Labour MP for Liverpool, Walton.

The West Bank—5: Christopher Walker concludes his series on the Middle East

How the Jordanian option might just work

The inauguration of President Reagan and the refreshing prospect of an imminent change of government in Israel have combined to provide a new voice for all those involved in the Middle East crisis. The delightful phrase "Jordanian option" now trips readily off the tongues of diplomats and statesmen, many of whom have not been in the thick of the negotiations on the ground in the occupied West Bank where the theory will have to be put into practice.

Far removed from the diplomatic niceties of the negotiating table, the rumble of earth-moving machines and the appearance of hastily erected new Jewish settlements on the outskirts of Jericho have their own relevance to the process. They are just a part of the controversial drive being conducted in the dying days of Mr Begin's government to try to ensure that territorial compromise with King Hussein never becomes a feasible possibility.

The welcome in the international community for a fresh way to try to end the present dangerous stalemate in the region is understandable. But there are disturbing signs that some of its most influential backers, like Dr Henry Kissinger, have done little to investigate the realities which exist in the chunk of occupied territory officially referred to by Israel as "Judea and Samaria".

The same cannot be said of the Israeli Labour Party, which is confidently expected to return to power on July 1. In recent months, an

illuminating series of private policy seminars have been staged in which leading members have agonized over the dilemmas which will face administration attempting to negotiate a compromise with Jordan.

"The main fact to emerge was a realization of the drastic changes which have taken place in the West Bank since Labour last held office in 1977," explained one reserve Israeli paratrooper who attended. "It was clear that Israel's links with the area are now much stronger, and that the old slogans will have to be adapted to new circumstances."

A major point of discussion was the uncomfortable recognition that the Jordanian option is not a bilateral matter. There are other parties to be dealt with, namely thousands of ultra-nationalist Jewish settlers and hundreds of thousands of local Palestinians.

A recent article in the magazine *Point*, published by Jewish settlers in the West Bank and the Gaza Strip, pinpointed the problem which will face a Labour Cabinet trying to carry out the central plank of its Middle East policy.

"The Jordanian option does not have to be explained to settlers in the Jordanian sector and the Gaza Strip," the magazine declared bluntly. "Our settlements will fight against it."

Many members of Labour's hierarchy believe that in the long run certain of the settlements will have to be removed by force. But with a bit

ter election campaign looming, none of them has so far been prepared to speak out on this key point or make any pledges. Privately, there are many Labour Party doves who believe that the issue will be the most explosive and divisive to face Israel in the coming four years.

Another factor to be considered is the attitude of the 320,000 Palestinians in the West Bank and East Jerusalem, whose leadership has undergone a dramatic political transformation during the turbulent 13 years under Israeli military rule. Where as before 1967 the loyalty of leading West Bankers was unquestionably to Jordan, it is now openly declared to be to the PLO, the Palestine Liberation Organization.

The main effect of the occupation has been to radicalize the previously conservative West Bank Arabs and to increase their desire for a distinct Palestinian state rather than any return to Jordanian sovereignty. Symbolic of the new mood is Mr Bassam Shakfeh, the elected Palestinian mayor of Nablus who lost both legs last summer in a car bomb thought to have been planted by Jewish extremists. "The Jordanian option is a plot which both we and Amman reject," he declared recently. "The cause of it, he warned, the West Bank would have more to fear from a new Israeli Labour government than from the ruling Likud coalition."

Although gestures of solidarity with the PLO and the distinctive Palestinian flag have been outlawed

by the Israelis, the support for the organization is unmistakably at every level of West Bank society. What is unclear is how this upsurge of nationalistic feeling will be channelled as a result of the recent rapprochement between the PLO and Jordan.

There have been hints that a new Labour government would attempt to ameliorate the military regime in the West Bank, thus hoping to encourage a more moderate Arab leadership. But the deputy defence minister, Mr Mordechai Zilpuri, recently produced figures designed to prove that Labour's rule in the West Bank had been harsher. He told the Knesset that in a decade of Labour Government, 224 Arab houses had been blown up or sealed, compared with 34 since 1977 and added that under Labour, 384 Arabs had been deported compared with four by the coalition.

A topic wistfully raised by Labour's policy makers is the relative ease with which the "Jordanian option" could be pursued if there were a change of regime. In the West Bank, where the PLO is estimated to have 70 per cent of whose population is already Palestinian, it would be a fully fledged Palestinian state. "In those circumstances, we would be talking about the denationalization of a province. We would also be discussing a commitment on only about five per cent of the state's total land mass," explained one participant at the seminars.

But Labour pragmatists recognize

that King Hussein and the Hashemite throne are in a stronger position now than they were in 1977, backed by a loyal and well trained army, fortified by the recent alliance with Iraq. What is less clear to outside observers is whether the Labour leaders recognize how little credence can be put on the chance of negotiations with King Hussein which do not cover East Jerusalem, the former Arab sector annexed in 1967.

The Labour Party, like the present Government, flatly refuses to consider the possibility of East Jerusalem and its 100,000 Arab inhabitants being involved in the negotiations. The stubborn refusal to contemplate any change in the disputed status of the city undoubtedly represents the consensus of Israeli opinion, but it also increases the already formidable obstacles facing the Jordanian option.

With heavily armed Jewish settlers threatening resistance to evacuation; militant Palestinian residents insisting on an independent Palestinian state; and Arab rejectionists skates watching hawk-like for any softening in Jordan's position, it is clear that there can be no easy solution to the grave problems posed by the occupied West Bank. At the least, it will require unprecedented American pressure on Israel combined with a change of heart by both the PLO and King Hussein if the latest fashionable theory for achieving Middle East peace is to make any progress.

remarked the pilot. And G. Frankel, 1937, "Or 'wizard', as that slang which so enriches the Mayfair parlance designates its witches."

Only in 1943 does wizard appear in the classic *RAF Dictionary* in St Giles, where the lexicographers are toiling among the slips and filing cabinets on the last volumes of the great *OED Supplement*. They have found an early wizard in Rose Macaulay, 1834, "It is pretty marvellous, isn't it?" "Simply wizard,"

Wizard also turns up in Evelyn Waugh's *Black Mischief*, Nigel Marsha's *Suicide of Lempiers*, Marshall's *Diogenes The Fanny*, and other well-known works. Waugh, then, righted themselves and stopped dead within a few feet of danger. "Wizard show that,"

The wizard of was

New words and new meanings: an occasional series by Philip Howard.

The slang word of approval today is "magic". "Chelsea are Magic," they flash on the electronic score-board at Stamford Bridge when the score justifies crowing. Magic has replaced "wizard" which the young men of the WRAP made their all-purpose password of commendation during the last war. I do not think that anybody still says "wizard" today, unless the slang has remained frozen in the fashion of the mess or the prep school dormitory of 40 years ago.

There is an agreeable mystery about the emergence of the RAF's "wizards" and wizard means as terms of praise for a would-be nice to solve it while

those who remember are still alive. But it is extraordinarily difficult to trace a new usage to a single source, except in technical language.

Partridge, whom the wise man turns to first in such questions, recorded "a perfectly wizard week" printed in 1933. He suggested, correctly, that it became immensely popular in the RAF between 1939 and 1945, and thence came into general civilian usage. After 1952, however, it was little used, except by school children and—such things reach everyone else—by the lower middle class.

So far so good, or wizard. We can agree that wizard meaning good, strong, or spiffing, far out, or what have you can be shown to antedate the war. Can we trace the origin exactly? Professor Angus McIntosh of the Middle English Dialect Project, Edinburgh University, has a contribution. As an undergraduate at Oriel, 1931-4, he can testify that by some time in 1932 at the latest the word was in the above sense part of the jargon of the junior common room of that college. Happily there still survive many of his contemporaries who can confirm this.

The question is whether wizard was brought down by freshmen from some school. The other question is whether wizard, to begin with, was peculiar to the Oriel common room. Professor McIntosh thinks it was.

Around 1933, when the glamour of wizard was wearing thin in Oriel, the ravers in Oriel introduced an alternative substitute, which had its brief day, but did not spread far or last long. This was the word "king", so that Oriel undergraduates could say that somebody was a king man, or that they had had a king game, or a king meal. Wizard could be used in the superlative. Professor McIntosh can remember a friend describing his fiancée as "the wizardest thing that ever trod", which has a charming period ring. A use of wizard in the comparative would have been unacceptable, or only barely acceptable. However it was not possible to com-

pare "king" in the degrees of comparative or superlative. In such pretty puzzles of language one turns to the *Oxford Dictionary* in St Giles, where the lexicographers are toiling among the slips and filing cabinets on the last volumes of the great *OED Supplement*. They have found an early wizard in Rose Macaulay, 1834, "It is pretty marvellous, isn't it?" "Simply wizard,"

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An outbreak of things not working

As the plane taxied towards the gate the stewardess announced over the intercom: "If this is your first visit to the Atlanta terminal you will notice that it has been designed with passenger convenience in mind."

I waited for her to continue, to enumerate the blessings which a benign city was about to bestow upon us, but she did not. That was the whole message. I pondered its true meaning.

Was it a subtle complaint, a suggestion that although the new terminal was mighty fine for passengers, it was in some way highly inconvenient for the employees who toiled there? I saw no evidence of that.

Was she poking fun at those airports which seem to have been designed expressly for the inconvenience of passengers? I could name some of those, but I suspect that they got that way by accident rather than design.

Still puzzled, I stepped from the aircraft and followed the arrows to the terminal. They led me down a long escalator, where a disembodied voice told me that from there, the "transportation mall". I had three choices of routes to the main terminal. I could walk, or step on the moving belt, or take the train. The train? Yes, a sleek and silent computer-controlled train driven without human aid,

which glided into the platform every couple of minutes. It is a fascinating object. Its chief trick is that not only the train but the platform has sliding doors. When the train arrives, it silently aligns its own doors with those on the platform and both open simultaneously, like those of a lift. I am not sure of the point of this but it is a marvellously clever trick.

On the train, another disembodied voice—the place creeps with them—said: "The vehicle is about to leave the station. Please hold on." I liked "vehicle", indicating uncertainty in categorizing the conveyance.

We were all mightily impressed, with the exception of a street-wise New York air stewardess who wandered about where the graffiti was.

Before we alighted, the voice, which was sounding more and more like a character from *Star Wars* smugly told us to note that the name of the next stop was announced on a lighted sign, colour-coded to conform with the colour of the station. What I did not note was that one of the colour-coded lights was only a few months after the terminal opened, not working.

Ho-hum, I told myself, and hoped for Atlanta's sake that it was not about to share the

experience of my own city, New York, with new-fangled transportation. It has not been encouraging.

As I stepped out of the airport vehicle, the image that sprang into my mind was of a seminal event at the beginning of last December. That was when a curious convoy set out from Washington, headed for New York.

One-hundred-and-one buses, most of them built in the 1960s, braved icy conditions to fulfil a mission of mercy, pregnant with symbolism. They were escorted by national guardmen and a clutch of reporters. Helicopters bearing television cameras hovered overhead.

Two of the buses failed to make it. One broke down just outside Washington, another on the New Jersey turnpike. The rest rolled into a bus garage in the Bronx on the Sunday evening, to be readied for their new life.

They had been taken out of mothballs in Washington and hired to New York at \$20 a day each, to help plug the gap left by 637 brand-new vehicles removed from service last month because of structural problems. On New York's uneven, potholed streets, they had developed cracks in the undercarriage.

The third incident helping to convince New Yorkers that nothing new works has been the extended closure of its most modern transport system of all—the aerial tramway, or cable car, which soars between Manhattan and Roosevelt Island, a modern housing development for 6,000 inhabitants in the middle of the East River.

The four-year-old tramway closed in November for an expected three weeks to have a new cable fitted—a regular maintenance procedure, scheduled every two years or so. During the work, damage was sustained to the platform at the Manhattan end and on two occasions the new cable slipped from its holder and fell on to the street below, luckily causing no injuries. The tramway may now reopen next month but meanwhile residents who travel to Manhattan must make a long detour by bus.

One reason for the botched maintenance work was removed (very few facts have been made public) to be that it was being done by American engineers. The first time a cable needed changing, in 1978, a team of Swiss engineers from the firm that built the tramway, was brought over.

The gossip is that this time the authorities balked at paying hotel bills for the Swiss, an decision to use local labour,

which turned out to be insufficiently experienced. Whatever the truth, the fact that the suggestion has even been made is interesting. It indicates a lack of confidence in native skills—remarkable in a nation which has until now prided itself on its mechanical ingenuity.

The makers of the defective subway carriages are Rockwell International, better known for their work in the aerospace industry. They are having an unfortunate decade so far: it was they who made the engines for the moon-vented space shuttle project. Flaws in the engines have even been made in a three-year delay in launching the shuttle, on which so much depends in terms of national prestige. Last week fresh delays hampered the countdown to a test firing of the engines.

The inconveniences caused by things breaking down are compounded by the American propensity towards litigation. When the buses were taken out of service, repairs were not made for a few weeks until a deal was arranged about who should pay for them.

With the Roosevelt Island tram, things were worse. Work was suspended entirely while various bodies decided whom they might sue in the matter. The Americans' love for the law is based on the wholly laudable recognition of every person's

right to have his or her day in court. It becomes unwieldy when it clogs the process of correcting faults.

The latest fad in litigation, according to a news magazine, is to sue your clergyman for malpractice. He gives faulty spiritual advice.

There is little pleasure in he had in watching a nation lose its confidence in its ability to make things work, though it is hard not to be struck by some of the ironies that accompany the condition. Just a week or two before the modern buses disappeared from the streets, an unusual phenomenon appeared.

For some years the city has boasted a fleet of fine bus shelters—though their number has not increased for a year or two because, as you might have guessed, a law suit is under way to determine who should build the next batch.

At the beginning of the winter, little display windows were attached to some of the shelters, and bus maps and timetables placed behind them. Bright bus travellers might not think this much of an innovation, but for years visitors to New York had to rely on local legend and the occasionally helpful driver to tell them how they could get to where they wanted to go.

One thing those who have actually tried to wheedle this information from taciturn and often inexpert sources can appreciate is a boon it is to have a map, not to mention a timetable. Of course, as soon as the fleet became depleted the timetable became redundant, but it was a nice gesture in the direction of humanizing the city.

I am awaiting eagerly the first report of someone suing the company because a bus failed to come at the advertised time.

Meanwhile, like everyone else, I am forced to take more and more of the pulse of the city's taxi drivers, traditionally its moulders of opinion.

It is rare nowadays to find a native American cab driver—most are Russian, or Greek or Chinese—but I was lucky enough to ride with one the other way. We discussed, naturally enough, the faulty buses, subways and tram.

"I should say," he mused, "that this country's last real technological achievement was World War Two." He had left out the Moon shot and a few intervening triumphs, but broadly I could see what he meant.

Michael Leapman

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THE ATLANTIC DEBATE

Mr Reagan has now formally opened public debate with Europe over the future of the Atlantic alliance by issuing as a major statement of policy the speech which Mr Frank Carlucci, Deputy Secretary of Defence, gave to the annual Wehrkunde conference of defence experts in Munich at the weekend. Mr Carlucci gave voice to the strong feeling in the United States that European members of the alliance must contribute more to the common defence of not only Europe but also its vital interests in oil and raw materials. He said there was "great concern" in the United States over the issue of arms-sharing. Pointing out that Europe's GNP now exceeds that of the United States, he said that "the United States cannot be expected to improve or strengthen United States forces in Europe unless other countries increase their own contribution to the combined defence effort. Nor can the United States, aided, bear the burden of protecting western interests beyond Europe." Among other things, he said, "the United States is not prepared to accept cuts in welfare, high unemployment

and slow growth combined with higher defence spending if Europeans were not ready to take the same road. To this a German politician pointed out that he had voters to consider too, and if the alliance was to be a partnership, the Americans would have to acknowledge European political realities as much as Europeans were being asked to recognize American political realities. Yet the gap in Atlantic perceptions is not wholly unbridgeable. Responsible politicians on both sides are reasonably close in their diagnosis of the basic problems. They agree that the Soviet military build-up must now be more vigorously countered both in Europe and outside. They are acutely aware of how vulnerable the industrial West has become to threats to its oil and raw materials. Herr Apel, the West German Defence Minister, pointed out at the Munich conference that West Germany is the third largest consumer of raw materials in the western world and is almost completely dependent on imports not only of oil but also of iron ore, copper, tin and aluminium. "Even minor shortages would engender major disorders in the national economy and jeopardize the million of jobs," he said, "the threat to our peace and our vital interests outside Europe is heightened."

Where the Atlantic begins to widen is over the response to these growing dangers. Public moods on each side are out of phase. The Americans, feeling their relative loss of power in the world, are ready for greater military efforts and more confrontational attitudes to the Soviet Union. Europeans, while aware of growing dangers, believe there are still gains to be saved from the tattered edifice of East-West relations. They blame disappointment with arms

control more on America's failure to ratify SALT than on the relentless Soviet build-up. They fear an unregulated arms race with an increasingly insecure and isolated Soviet Union.

Many also fear that an over-assertive attitude towards the third world could be counter-productive. Most non-aligned countries are now becoming more appreciative of the economic benefits of links with the West at the same time as more aware of the dangers of Soviet imperialism. But they are not ready to be drawn into overt alignment with the West. Herr Apel, for instance, urged that their right to self-determination should be protected. Mr Geoffrey Pattie, Parliamentary Under-Secretary of State for Defence for the Royal Air Force, said that "western countries must avoid falling into the trap which the Russians have fallen into of reviving imperialist attitudes and practices in relations towards the developing world."

The debate is thus under way. The more public it is the better because resolution of alliance disagreements depends to a great extent on the evolution of public opinion on both sides of the Atlantic. In Europe there are trends towards unilateralism and neutralism not only in Britain but also in West Germany and other states. These trends are likely to grow if the United States is seen as abandoning serious attempts to regulate its relations with the Soviet Union; and as sacrificing the gains made by the previous Administration in relations with the third world. At the same time American opinion will become more critical of Europe and possibly more isolationist if Europe is not seen to be taking the Soviet threat seriously. There is a lot of work to be done on both sides.

HOW MANY INDUSTRIAL BARONS?

The triumph of the miners has led to a new complexion on all public sector negotiations still outstanding. This week will see important talks over pay in the civil service and the water and electricity industries, and the Government's announcement about how it will support the costly MacGregor plan for steel. The pace and character of the cautiously-advancing negotiations for the future of the railways will also be affected by last week's crisis. Although it was concerned with productivity and manpower, rather than pay, the mission that spending targets in nationalized industries are in practice immune from industrial pressure has consequences for pay talks too. From now on, it will be less easy for management to argue that financial constraints compel them to make a low offer, and for the government to maintain its preferred air of aloofness from the tails of pay bargaining. It is a cliché of political debate at the coal miners has so much industrial power that it is dangerous for any Government to clash with them. But other groups have almost equal power. Mr John Biffen, Secretary of State for Trade, admitted yesterday that the Government is given in not to the miners' demands but to their muscle,

and added that it had long been known that "certain sections of organized labour" had the capacity to exercise an "almost baronial" authority.

The question immediately follows: which other "sections of organized labour" also share baronial prerogatives. Mr Biffen prudently refused to issue a list, but many trade unionists will at once have mentally enrolled themselves in this aristocracy of nature. In the last resort, of course, such claims can only be determined by the baronial custom of trial by combat. Wherever a Government which has newly discovered the Wilsonian virtue of pragmatism draws the line between baron and commoner, some borderline candidates will try to stake their claim by force of arms.

The miners have sworn blood-brotherhood with the workers in steel and the railways. The triple alliance between the three unions to protect manpower and investment in their industries threatens to distort the plans for steel and rail as the plan for coal has been. The Government has reluctantly accepted the inevitability of further large subsidies to steel, and has shown signs of favour towards British Rail's modernisation plan. It would be a mistake to let the untried rhetoric of the triple

alliance impose an unnecessarily high priority for short-term job saving as against productivity in the longer term.

The railway talks are still a few weeks from crisis, and the steelworkers have little appetite for industrial action on their own behalf. The most immediate threat of action comes from the civil servants and the gas and water workers, with manual workers in electrical supply waiting to see how events develop before they come to close quarters. Other groups such as health service workers and teachers, already assailed by local spending cuts, can scarcely pretend to baronial status. The civil service workers have rejected six per cent, an offer which may be improved today, but they are unlikely to win the firm commitment to the revived inflationary "pay research" system that they seek. As they have no tradition of exploiting their strategic position in the machinery of government, their claim to a place in the industrial Debutant's remains to be tested. But the water, gas and electricity workers are much more strategically placed. They are seeking rises comparable to the miners', and it is with them that the Government will have to show what the new blend of leadership with pragmatism signifies in practice.

Big Three in the Community, membership of the EEC has had to be related to the political needs of the Six. The Six then the Nine and now the Ten; and it is consequently no longer reasonable or politically justifiable to allow nearly three-quarters of EEC spending to food production and storage of surpluses. What of declining major industries in Western Europe? What of social and regional policies that should be developed to serve the urban voter, even if to French politicians the CAP is a social and regional policy, as it was?

There is a sense, then, in which the founding fathers of the Community would not have thought Mrs Thatcher shared their original ideals. Standing amid the rubble of post-war Europe, the founders wanted not only an economic and political union, but also a preventive war; they also wanted the "strong" to help the weak, with the Community as judges of who should pay and who should benefit, with a Western Europe devoutly convinced of the slogan that united we stand, divided we fall, and moving slowly but surely towards some form of federalism.

Mrs Thatcher, like all French leaders and on occasion West German leaders, recognizes the force of the national realpolitik of the United Kingdom's membership of the EEC. For her, I think, it is fair to say there has to be a presentable balance sheet of debts and credits, of assets and liabilities, some concrete and others abstract, that may be deployed to the people to prove that it pays to be a member of the latest trading block in the world, with the political as well as economic benefits that follow.

Against that, of course, there is the danger that United Kingdom governments will spend too much time and effort renegotiating the terms on which they find Community membership tolerable. For Mrs Thatcher, the United Kingdom's six-month presidency looks like an opportunity to try to make a permanent out of a temporary institutional arrangement, and she has the good fortune to have West German allies in the Paris-Bonn axis, although the Paris-Bonn axis remains as strong as ever, at least until after the French presidential election.

British options on Canada

From Professor Bruce Hodgins

Sir, Many of us in Canada have great sympathy for the poor British position in regard to the Trudeau plan for changing our constitution. If the British do what Trudeau and his majority in the Canadian Parliament might do, the more likely they are to succeed in the end.

The problems of running a modern state are particularly difficult ones for the United Kingdom to solve. Why then should it be considered shameful to abandon a strategy when it does not work as well as one had hoped? That famous cry "The lady's not for turning" was meant as a proud boast; but it calls up in my mind an image of the straight path down which a species goes to extinction when its ability to change course proves to be too limited.

There are some very recent signs that our present government is less inflexible than it claimed to be, but the point I am making is a general one. Stubborn and essentially unimpaired adherence to strategies which, on the available evidence, do not look at all promising is not a rare political phenomenon and is not confined to any one party.

So perhaps the fault really lies with the voters. We expect politicians to exercise their intelligence. We look for specific undertakings and promises. And we have come to believe that one of the most serious charges which can be levelled at a political party is that of "not having a policy."

If it is so, it is a clear conception of what you want to achieve and some good ideas for doing it, then the absence of policy is serious. But if "having a policy" entails—as it often seems to do—a rigid and doctrinaire commitment to a course of action which may turn out to have disastrous consequences, then the less policy a party has the better.

I would like to be governed by intelligent, honest people, with whose general aims I am in sympathy. I would then like to allow them to exercise their intelligence in a free and imaginative way.

Even if this ideal is impossible to attain, is there any way of bringing it nearer?

Yours faithfully,
MARGARET DONALDSON-SALTER,
143 East Trinity Road,
Edinburgh.
February 19.

From Mr John Heddle, MP for Lichfield & Tamworth (Conservative)

Sir, The Labour Party's announcement that it would replace the domestic rating system with a local income tax indicator, that the Opposition has at last joined the Tories in a wide-spread recession, the choice of local income tax as a serious alternative to the present rating system—unfair and anomalous though it is—I believe ill-advised and after close examination I think the Opposition will live to regret having put forward an alternative which will at once increase personal taxation and bureaucracy at great expense.

As a tax on work and incentive, the introduction of local income tax is inappropriate in the current economic climate and especially during a wide-spread recession. To replace the £2.8 billion which domestic rates presently yield would increase the basic rate of tax by nearly 6p in the £.

When it reported in 1976 the Layfield Committee of Enquiry into Local Government Finance emphasized that such a tax would have to be collected and administered by the Inland Revenue centrally with the proceeds being distributed to local authorities according to local formulae related to origin. At that

time Layfield anticipated that some 12,000 additional staff would have to be recruited by the Revenue at an estimated cost to the taxpayer of £50 million—it would probably be nearer £100 million today.

The problem of the administration of the tax would also highlight the central problem of whether the basis of assessment should be the place of residence or the place of work and failure to resolve this problem in an equitable and precise manner would transform the tax into a very expensive form of revenue index and, as I believe no party would be open to widespread evasion and avoidance thus contributing further to the "black economy."

That rates are unfair because they are not related to a person's ability to pay cannot be denied and it is also surely wrong that a retired pensioner should pay the same as his neighbour with a working family in a similar house and a rating system which does not relate to services received and which is based on hypothetical rental evidence is long overdue for reform but the Labour Party in this instance, has chosen an alternative which will make the situation worse, not better.

I am Sir, your obedient servant.
JOHN HEDDLE,
House of Commons, SW1.
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From Dr J. Bard McNulty

Sir, In your edition of January 19 Gabriel Ronay took some amusingly misdirected jabs at an article of mine on the Lady Aelfgyva in the Bayeux Tapestry. The article, which appeared in *Spectator*, the *Journal of the Mediaeval Society of America*, argues that the woman who is shown in the tapestry under the Latin superscription identifying her as Aelfgyva is in fact Aelfgyva of Northampton, the scandal-ridden spouse of King Canute.

Florence of Worcester (d. 1118) in his *Chronicle* reports that Aelfgyva committed first with a priest and then with a sutor (low fellow) to persuade the king that their sons were his. The tapestry, alluding to this double deception, shows a priest lewdly restoring the sutor's fidelity while, in the lower border, a naked figure mocks the priest's gesture and a second naked figure works a bench.

This identification of Aelfgyva is not agreeable to Mr Ronay, whom some will perhaps recall as the one who wrote the *Truth About Dracula* in 1972. Mr Ronay writes that "after some years' research" he has come upon "another story" concerning the events "on the eve of 1066". One may hope that this story is based on more accurate observation than is displayed in his comments on the Bayeux Tapestry.

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There are other inaccuracies. Mr Ronay is certain that one of the

Flexibility: courage or weakness?

From Professor Margaret Donaldson-Salter

Sir, It is a well known and rather obvious fact that successful problem solvers are people who do not hold tenaciously to their first ideas. If they try one strategy and it fails they think again—and yet again if need be. The more varied the ideas that they can generate the more likely they are to succeed in the end.

The problems of running a modern state are particularly difficult ones for the United Kingdom to solve. Why then should it be considered shameful to abandon a strategy when it does not work as well as one had hoped? That famous cry "The lady's not for turning" was meant as a proud boast; but it calls up in my mind an image of the straight path down which a species goes to extinction when its ability to change course proves to be too limited.

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Rule of law in Malta

From Dr Michael Frendo

Sir, Unfortunately both your editorial of February 10 and the Maltese Attorney General's letter of February 12 do no justice to a most important feature of the proposed Bill presented to the Maltese Parliament.

Even before the proposed Bill on Court reforms came to light, it was not only extremely difficult for anyone to win a case against Government, it was also becoming common for a judge to be removed from a Court and transferred to another on deciding a point, however minor, against this Government. In this regard, the Bill simply purports to formalize an already existing situation.

Note should, however, also be made of the Bill's provision for the setting up of a "Workings of the Law Courts Commission" composed of five members all appointed by the Prime Minister, and empowered, inter alia, "to recommend to the President that a person be disabled perpetually or for a time to exercise the profession of advocate or legal practitioner" (s.3).

The creation of this commission makes a mockery of the independence of the legal profession in Malta by placing every lawyer under a continuous threat from a state-appointed body.

Unlike other practising lawyers, the Attorney General has a stronger security of tenure since he can only be dismissed on limited grounds by a two-thirds majority vote in Parliament.

This constitutional protection places a heavy responsibility on him in his accountability to the extreme people for the observance of the rule of law in Malta.

Yours faithfully,
MICHAEL FRENDI,
22 Pattison Road, NW2.
February 21.

Violence on the terraces

From Mr Eric Moonman and Mr Peter Bradley

Sir, In his largely theoretical approach to the problem of the "violence on soccer terraces" . . . wilfully exploited the extreme right in British politics. Peter Evans (February 16) proposes quite properly that attention be paid to the causes of social tension in this country, "the unemployment and deprivation that makes for bitterness, hopelessness and the creation of outcasts."

Analysis is, of course, of great importance, but it is no substitute for action. The bodies most directly involved in any confrontation with racial violence on the football terraces, the Football Association and the clubs themselves, have by their right in the matter allowed the police to assume its current political dimension.

They deplore this development; they "disassociate" themselves from the racist elements among their supporters; they even complain of the loss of revenue resulting from the eclipse of what was once a "family game". But they do not grasp the nettle. Indeed, in last week's desperate attempt to win back the defecating fans, the Football Association proposes Sunday fixtures and a new points system, but once again fails to grasp the nettle of racial violence, political or otherwise, it remains silent.

The Centre for Contemporary Studies last month published a report on "Football and the Racists". In it we make three recommendations which we believe to be worthy of consideration: that football administrators should account themselves with the problems on the terraces by actually visiting them; that the Government should establish a committee empowered not only to examine but to act on organized soccer violence; that a professionally coordinated campaign be mounted against racism, enlisting the influence of such contemporary folk heroes as Kevin Keegan and Bobby Charlton.

The sooner the football authorities recognize the real world, the better for us and the better for them.

Yours faithfully,
ERIC MOONMAN, Director,
PETER BRADLEY,
Senior Research Officer,
Centre for Contemporary Studies,
163/173 Shoreditch High Street, E1.
February 16.

Family matters

From Mrs Patrick Bensley

Sir, The letter from Lady Brook (February 20) states that a young girl who asks her doctor for contraception when she is risking pregnancy shows "courage and foresight". Surely these qualities are more aptly applied to those girls who risk the mockery of their peers by using the simple device of saying "No" to sex before marriage.

There is true courage and, forsooth, foresight.

Yours faithfully,
ANITA BEASLEY,
21 St Leonard's Road,
Freeton,
Devon.
February 20.

Evening the score

From Mr Bryan P. Sampson

Sir, In connection with Mrs Daphne Slater's (February 20) concern with the "price" of Vivid, I would like to say that I still cherish, and play from, the copies of the collected works of Chopin, Debussy, Bach, Scriabin, bought for me, at great sacrifice, by my father 25-30 years ago. As with Mrs Slater, the initial need was for one piece or movement.

She, and her daughter, should regard the £5 as an investment in the abiding nature of the artifact itself. Don't forget, Mrs Slater, there are six sonatas in that book, and I hope that your daughter will have many years to discover and enjoy the other five.

Yours faithfully,
BRYAN P. SAMPSON,
42 Sedgley Road,
Bournemouth.
February 20.

David Wood

Mrs Thatcher again picks up EEC gauntlet

Is a safer bet than most in politics that Mrs Thatcher did not low her meeting with M Gaston Horn, President of the EEC Commission, at 10 Downing Street on Friday, to the frittered away in one sociability. She has a pre-occupation with Community affairs present that should certainly not be mistaken for a way of escape from the cares of domestic government.

On July 1 the United Kingdom will become the president in office of the Council of Ministers, and the Prime Minister wants her ministerial team to have the earliest sense of purpose so that the opportunities of Community leadership and influence are fully seized.

She wants to set her stamp on the Presidency, above all by promoting some fundamental reforms which would benefit one or two member countries which, because of the distortions created by the common Agricultural Policy, have become and will increasingly become the Community's principal financial ranciers irrespective of their economic strength. Put simply, though not so aggressively, as in her campaign at four summit meetings in 1979 and 1980, she wants the financial justice for the United Kingdom, just as West Germany begins to want more. She has not finished with the argument for a fair national return on money lent, controversial as it is among the founding Six and nearly all new entrants and would be intrants.

There is an immediate question whether the Prime Minister may not be expecting to achieve too much during the United Kingdom Presidency. Six months' tenure is no short a time at best to see through any complicated task, or even to start reconciling conflict-

ing interests within the Council of Ministers.

Nor does the Presidency in the second half of a calendar year effectively amount to six months: you must first deduct the six weeks' continental holiday, during which all major business will be suspended, and then allow for the fact that the United Kingdom will have only one summit meeting for strategic decisions by heads of government, compared with two in the first half of the year.

That disadvantage will be offset for Mrs Thatcher and Lord Carrington by one important bonus of timing. Out of the United Kingdom's campaign for its full budgetary "loaf" flowed summit instructions to the Commission to bring forward in June proposals for restructuring Community finances and all the indications are that President Thorn is personally involving himself in that commitment.

If a six-month presidency allows a national government to do no more than pick up the threads left by its predecessor, then at least the Commission is under orders to provide precisely the threads Mrs Thatcher would choose. Some Community watchers see the Commission's farm price proposals for 1981, announced last week, as a calculated preparation for the June restructuring, although the proposals will be hotly fought in the Council of Agriculture Ministers, and as usual will emerge more or less intact.

Mrs Thatcher's thesis for a root change in the costs and returns of Community membership essentially begins with the argument that the Community cannot develop whether in size or in economic and political scope, without changing the requirements of the Treaty contracts expressly designed for the historic and transitory needs of the original Six.

Industrial countries, especially the United Kingdom and West Germany, blighted by a world trade recession and rising unemployment, cannot go on serving as paymasters for farm surpluses, especially in a day when community enlargement brings in more agriculturally based countries with a lower than average standard of living.

Mrs Thatcher, and for that matter the leaders of the other

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Sterling
\$2.3100
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\$507.50
Money
3 mth sterling 13.12%
3 mth Euro \$ 16.7-16.8
6 mth Euro \$ 16.7-16.8

EN BRIDE

Hongkong expects US to cut back on textiles

Hongkong's textile advisory board has said it expects that a United States will impose further cuts on imports of Hongkong textiles. Talks with the United States mission headed by Michael Smith, a United States trade ambassador, Hongkong has already agreed to different categories of garments. It is believed that the United States will affect exports of shirts, jeans, blouses and dresses.

Mr Peter Tsao, Hongkong's minister for trade, denied speculation that any American quest for further concessions would be linked to President Reagan's newly-announced policy of stimulating American economic growth by cutting imports. "The previous two years were made under the Carter Administration," he said. "A change of administration doesn't seem to change United States policy."

BI rejects plan for orderly involvement

The Confederation of British Industry today came out against an EEC plan which would force thousands of British companies to introduce new management systems for consultation with their employees. The CBI is particularly concerned by the extension of the plan to include companies with a complex structure—those which have at least one subsidiary and total of more than 100 workers, operating in one or more EEC countries as well as internationally. Some 1,700 multinational companies and thousands of national companies could be involved.

earner engine

Perkins Diesel Engine Co of Peterborough is to launch a new engine for fork-lift trucks. The makers claim the new engine is cleaner, quieter and more economical than present models.

Perkins holds 40 per cent of the world diesel-powered fork-lift truck market.

development setback

Sharply worsening current account deficits for Asian and Pacific developing countries has led to increased assistance from the World Bank and the International Monetary Fund. The World Bank has agreed to a new round of lending to the Asian Development Fund, and the IMF has agreed to a new round of lending to the Pacific Development Fund.

erman jobless up

The figure for officially registered unemployed in West Germany this month will be 1,400,000, against 1,300,000 in January, according to the Federal Labour Office. The sharp rise was due to a long and severe winter, and the forecast improvement in the spring.

rench recovery

The French economy should show a modest recovery in the first half of the year, according to a report by the French employers' association. Economic growth in 1981 should be enough to allow the French to move towards more satisfactory results, said in its latest outlook.

EC steel probe

The EEC Commission is investigating the impact on European producers of an American decision to raise minimum import prices for steel. The United States has said it will raise its trigger price for steel imports by 4.4 per cent on March 1.

Job losses in engineering could total 180,000 by end of year

By Edward Townsend

Further contraction in output in Britain's mechanical engineering factories could result in up to 180,000 job losses in a 15-month period.

This is one of the conclusions of a report by the industry's professional bodies, published last week. The report, covering the period from October, 1980 to December, 1981, amounts to a depressing catalogue of falling export orders, stagnant home demand and reduced levels of investment and declining competitiveness.

Mechanical engineering is one of the largest of the country's industrial sectors with annual sales of about £15,000m. It has been hit badly by the recession, and by the third quarter of last year output per employee was down to 95 per cent of its 1975 level.

Overtime has been cut and short time working increased, but the report says that "it seems unlikely that any substantial further reduction in output per employee can be sustained".

As a result, it is expected that by the end of this year the industry will have jobs for only 80 to 90 per cent of the 815,000 workers it employed last October. This, the report says, would mean that between 90,000 and 180,000 jobs would have been lost over 15 months.

Large scale redundancies have already occurred since October, but the report's authors clearly expect more shedding of labour by big companies in the next 10 months. If their worst fears are realized, employment in engineering by the end of 1981 could have fallen by 30 per cent in three years.

The Engineering Employers' Federation, which publishes the report, says that even when the expected modest upturn in business occurs in 1982, it is unlikely that engineering companies will expand their labour forces, although the severe

shortage of skilled workers will continue.

The report also highlights the bleak employment prospects for redundant engineering workers. In all regions, the number of notified vacancies has fallen to a negligible percentage of the number of registered unemployed, with the West Midlands hardest hit. By the end of 1980, there were only 4,800 vacancies for skilled engineering tradesmen in Britain, compared with 20,800 nine months earlier.

Export orders for the industry are expected to decline again this year after 1980's drop of up to 18 per cent, reflecting the high exchange rate of sterling and depressed world trade. On the home front, demand for engineering products will remain low as a result of cuts in investment programmes by manufacturing industry and public authorities. Improvement in home orders is predicted for 1982 but will not reach pre-1980 volumes. Meanwhile, a continuing steady rise in imports is feared.

Mechanical engineering is one of the few sectors to have maintained a healthy overseas trade surplus; in the first 11 months of 1980 exports exceeded imports by £2,843m. This is expected to deteriorate this year.

One of the recurrent themes in the report is the impact that exchange rates have had on British industry's competitiveness. In addition, it is estimated that rising earnings and falling output per man resulted in an increase in unit manpower costs of at least 30 per cent last year.

The report estimates that United Kingdom manufacturing companies will reduce their purchases of investment goods by between 11 and 16 per cent this year.

Mechanical Engineering Industry Short Term Trends, February 1981, EEF, Broadway House, Tottill Street, London.

OFT runs into time trouble with new law

By Derek Harris
Commercial Editor

Results of a preliminary investigation of 11 Raleigh Industries the Nottingham-based cycle manufacturers, for possible anti-competitive practices are expected to be announced shortly, perhaps this week, by Mr Gordon Borrie, Director-General of Fair Trading.

The investigation, which has taken place at least as long as the company with Mr Borrie's original target, will be the first completed for a company under the new competition law introduced last August.

The Raleigh investigation, likely to prove a test case of a manufacturer refusing to supply low-price discount outlets, was announced by Mr Borrie together with a second inquiry into Peter Engineering, one of the top two British manufacturers of vehicle refrigeration equipment.

There are increasing anxieties within the OFT that the investigation of companies under the new legislation could prove far more cumbersome than the system under which it scrapped the Price Commission.

The new system was aimed at speed-



Mrs Oppenheim: encouraged by operations under new law.



Mr Gordon Borrie: inquiries taking too long to complete.

ing up investigation which, after a preliminary inquiry by Mr Borrie, could be followed by a fuller investigation by the Monopolies and Mergers Commission normally taking six months.

The commission can ask for a further three months to complete its own investigation which in addition to establishing whether there is an anti-competitive practice (as with Mr Borrie's brief) has also to decide whether the practice is against the public interest.

If in a complex case such as Raleigh's,

the commission took the full nine months in addition to the six-and-a-half now taken by Mr Borrie the full process could take 16 months.

It could be even longer since there are other built-in time lags such as allowing a company time to give undertakings to modify its practice.

In the Raleigh case, if Mr Borrie decides there are grounds for a commission investigation, the company is unlikely to give undertakings because Raleigh feels other important principles are at stake. Raleigh argues it should

be free to sell through specialist outlets geared to safety, repairs and servicing factors.

So far Mrs Sally Oppenheim, Minister for Consumer Affairs, appears to be taking the view over company investigations under the new legislation that it is only when the new procedures have shaken down that a judgment on merits or otherwise can be made.

She has been encouraged by the way the commission has tackled public sector investigations under the new law referred directly to the commission by the Department of Trade.

The commission has already reported supply and well on British Rail's south-east computer services, an investigation into the Severn Trent Water Authority is well advanced and the commission is also inquiring into efficiency and costs at the Central Electricity Generating Board.

A growing problem for Mr Borrie in the company sector is that it is proving difficult to gear up to a flow of cases. It was at first thought that up to 30 a year might be investigated. But it is beginning to look as if in the first full year Mr Borrie may be lucky to summon up even 10 investigations.

CEGB warning on coal import ban

By Nicholas Hirst
Energy Correspondent

The Central Electricity Generating Board has given a warning that it will reduce its coal purchases from the National Coal Board by up to five million tonnes next year if it is "prevented from buying imports".

Mr Glyn England, chairman of the CEGB, has made it clear that he will regard a ban on imports as ending the understanding reached in 1979 to take 75 million tonnes a year from the National Coal Board providing it kept its price rises in line with inflation.

When the Labour Government effectively stopped all imports by subsidizing NCB sales it had to meet the loss the CEGB incurred on contracted sales from overseas.

Clearly the Government cannot allow the CEGB to negotiate the agreement it is to draw up with the miners and the coal board this week and some compromise with the electricity board must be found.

Such a cutback would mean that the miners had gained nothing from the government's agreement to cut imports to a minimum by offering subsidies.

Executive board members of the CEGB who met on Friday were extremely angry that they had not even been consulted by the Government despite the fact that the board is by far the coal industry's largest customer.

The CEGB does not intend to cancel its prized Australian contracts for two million tonnes next year and is extremely anxious not to fall out of an increasingly competitive market.

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Poor return for much of UK industry

By David Hewson

Levels of return on capital invested in most sectors of British industry are "abysmal" according to a survey of 10,000 companies in 150 sectors carried out by Inter Company Comparisons.

The top five sectors for return on capital employed are: employment agencies (64.1 per cent), electronic component distributors (48.7 per cent), insurance brokers (41.2 per cent), travel agents and tour operators (37.8 per cent) and carpet manufacturers (37 per cent).

The bottom five sectors are: shipowners (minus 4.1 per cent), medical equipment manufacturers (minus 1.5 per cent), largely because of EMI's medical scanner losses, non-ferrous foundries (5.3 per cent), carpet manufacturers (6.6 per cent), and frozen food manufacturers (6.7 per cent).

However, in manufacturing, the highest return on capital employed is earned by periodical publishers (34 per cent), followed by newspaper publishers (31.1 per cent).

Industrial Performance Analysis, 6th edition, Inter Company Comparisons, £20.

Way clear for British Steel aid package

By Peter Hill

The Government's aid package for the British Steel Corporation is expected to be finalized by ministers today.

Announcement of the Government's detailed response to the corporation's "survival plan" drawn up by Mr Ian MacGregor, its chairman, has been held up because of concern expressed by the Prime Minister at the scale of funds involved.

The package will involve legislation for the promised reconstruction of the BSC's balance sheet embracing a capital write-off of about £3,000m and a further increase in the BSC's external financing limit for the current financial year.

It is also expected to include provision for a further cash injection in the new financial year (likely to be less than the £750m originally sought by BSC) together with likely further cash provisions for long-term.

Last week's announcement on the formation of the first of the "phoenix" joint ventures between BSC and GKN has cleared the way for a statement on BSC. That could be made tomorrow in advance of Mrs Thatcher's departure for talks with President Reagan in Washington.

Amid growing concern among private steelmakers—echoed by Tory backbenchers—over further subsidies to BSC and their adverse impact on the independent sector, the Government earlier this month introduced emergency legislation to lift the BSC's borrowing ceiling by £500m to £5,000m. The new ceiling can be lifted by Sir Keith Joseph the Secretary of State for Industry, to a maximum of £7,000m by order laid before Parliament.

That measure was required to enable the corporation to borrow in order to pay its bills. In the last few weeks of the current financial year. As a result, the Government will have to revise the corporation's financing limit by a further £100m-£200m boosting the total for this year to more than £1,000m.

Soon after submitting the BSC's corporate plan, Mr MacGregor indicated he would need about £750m for the new financial year but was optimistic that by the end of 1982 he would be able to get BSC "off the Government's back". But it seems likely that the sum for next year will be trimmed back.

Legislation for BSC's capital reconstruction is unlikely to be enacted before May or June.

Stock relief plan comes under fire from CBI

By Ronald Pallen

The Inland Revenue, actively supported by Treasury ministers, is standing its ground against almost unprecedented opposition to a major tax change.

Since announcing its plans for reform of the stock appreciation relief scheme in a Green Paper last November, the Inland Revenue has been assailed with complaints from industry and the accountancy profession that the whole basis of the scheme is misconceived.

The latest group to show its disquiet is the Confederation of British Industry which over the weekend described the proposals as "flawed in principle".

Although the Inland Revenue says in the Green Paper that "the main fabric of the scheme is sound", it has been criticised with complaints from several companies have already drawn up their accounts as if the new rules applied, there is still an outside chance that the Government will reveal some adjustments to the most criticised clauses in the Budget next month.

Sir Geoffrey Howe, the Chancellor of the Exchequer, is still thought to be a keen supporter of the proposals and there is no indication of Inland Revenue officials being impressed with any of the arguments put forward against the scheme. The chances of any government rethink are, therefore, slim.

The CBI's submission runs over much the same ground as the other papers to the Inland Revenue, although on the question of the likely damage to industry its tone is notably more sharply critical.

The two fundamental changes the CBI is looking for are the dropping of the credit restriction, whereby a company's stock relief is reduced by the extent to which it is financed by borrowings, and the replacement of the single index for measuring the movement in the value of stocks by a variety of indices to "give a better balance between simplicity and fairness".

The CBI also complains that the Inland Revenue is too vague about the financial implications of the new proposals. Informal estimates by the Inland Revenue indicate that companies' tax bills will be reduced by about £300m in 1981-82.

'Big seven' nations in pre-summit discussion

By Melvyn Westlake

An attempt to improve the battered relations between rich and poor countries, and put the so-called "North-South" dialogue on a new course will be one of the main objectives of world leaders at an economic summit in Ottawa in the summer.

The serious plight of many of the developing countries was one of the key items discussed at a summit preparatory meeting at the Cabinet Office in Downing Street last week, attended by representatives of the "big seven" industrial nations—the United States, Japan, Canada, West Germany, France, Britain and Italy.

Mr Pierre Trudeau, the Canadian Prime Minister, who has been particularly concerned about the present state of North-South relations. The Ottawa economic summit will be the seventh in the series of annual meetings at which the leaders of the non-communist world have come together to tackle the issues that have beset the international economy since the mid-1970s.

The summit is planned for July 20 and 21. The last was in Venice in June 1980.

The problems of many of the developing countries appear to have worsened, and concern has continued to grow over the ability of the financial system to recycle the huge surpluses of the oil exporting countries. Relations between the rich and poor countries have become more fraught after the failure of the summit in Venice.

Among those attending last week's preparatory meeting at Downing Street, the Cabinet Secretary, were several prominent members of President Reagan's new team. They included Mr Meyer Rashish, under secretary of state for state, and Mr Gerald Sprague, treasury under secretary designate for monetary affairs.

The Canadians were represented by Mr Alan Gotlieb, under secretary of state for foreign affairs, and Mr Horst Schulmann, state secretary at the finance ministry. Sir Kenneth Couzens, the second permanent secretary for overseas finance at the Treasury, also attended.

With both United States and British Governments cutting back on foreign aid budgets, it seems clear that their approach to North-South relations is undergoing a change. The emphasis is not so much on the humanitarian aspects of aid and development, but on the strategic and military implications of the Third World's financial difficulties.

Officials say that the sums are too finely calculated for the administration to permit Congress to play a far-chopping and changing the spending and tax cutting numbers.

They point out that President Reagan is 70 and he feels too old to start engaging in conventional political tricks that make one popular at Washington dinner parties, but ineffectual.

He just isn't going to fudge it. If he sees Congress delaying he is going to go on television and tell the people that Congress is wrecking the economy.

The officials add that the President will have no hesitation about using his veto powers to get his programme through.

It is clear that the brightest economists in this administration decided to give up far higher paid private sector jobs to prove that supply-side theories work.

The moment they see Congress wrecking their plans, and politicians not giving their ideas a real chance, they will quit government.

These are not men dedicated to becoming Washington political insiders, they are men whose total efforts are concerned with proving that new approaches can at one and the same time cur inflation and boost employment.



Sir Robert Armstrong: chaired summit preparatory meeting.

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White House goes to work on the new economy Wrong models for Reagan men

Mr Donald Regan, Treasury Secretary, complains bitterly about the quality of the economic models used in the American government. He says they are totally geared to producing short-term demand management forecasts and incapable of providing analysis on changes in the supply-side of the economy.

This complaint goes to the heart of the change in policy approach between the Reagan administration and its predecessors. Former administrations were preoccupied by quarterly trends, willing to add quickly some fiscal stimulus if economic activity was slowing and swift to call for some fiscal policy tightening if activity was too rapid.

Arguments in recent years tended to concentrate on the timing of demand management actions, on how best to fine-tune economic activity. Models used by the policy-makers were designed for this purpose.

For the new administration, considerations of influencing demand are of far less interest than ones dealing with the long-term course of stimulating supply. Boost output and employment and price stability goals will be enhanced. This is the crucial intellectual underpinning of the economic programme announced last week.

Boosting output is seen as a question of relative prices and rates of return. Increase the return on work and the desire

for leisure may decrease. Increase the rate of return on investments and the desire to spend money will be enhanced.

It is upon such considerations that the Reagan administration believes it will secure major improvements in economic health.

The administration has proposed 30 per cent income tax cuts and to strengthen supply-side all the more it has proposed faster depreciation rates for business.

The logic is that business investment will only be undertaken if there is a positive rate of return in prospect and the easiest way of doing this is by allowing faster plant and equipment write-offs.

President Reagan is not going to dash back into demand management policies at the first sign of a jump in unemployment, say officials. A requirement for success is a well-managed money supply policy and this, the new team believes, will be easier to achieve now that the Federal Reserve Board knows the administration will be consistent.

The Treasury will not be constantly trying to change demand levels in the economy and this will help the Fed, and officials.

Even without good models in the Treasury the new Reagan administration is convinced its programme will work. There are no doubts. Critical, of course, is the willingness of Congress to approve swiftly all the new proposals.

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Integrated industrial policy urged

By Patricia Tisdall
Management Correspondent

A recommendation that there should be no special government measures to aid small businesses has been approved by the economic and industrial committees of the Association of British Chambers of Commerce (ABCC).

The recommendation is contained in a discussion paper to be circulated to members before being debated by the association's policy-making council next month.

The ABCC, regarded by many in Whitehall as the main

spokesman for smaller companies, says that the institutional changes recommended by the Confederation of British Industry and others would be of little use and could prove "costly and harmful".

The three main CBI recommendations are for a merger of government counselling services, a more powerful voice in the Department of Industry, and the establishment of a select committee with special responsibility for small business.

The ABCC criticizes these and similar proposals made by other organizations on the grounds that they are not an integral part of a national industrial policy. "A public sector policy for small firms goes far beyond any reassignment of ministerial responsibilities or reorganization of public sector bodies", it says.

The paper argues that the fortunes of many small companies are inextricably linked with those of big organizations. "Small company policies must be conducted as part of a coherent industrial and trading policy. Without such support government incursions will prove both costly and harmful", the paper says.

Application has been made to the Council of The Stock Exchange for the issued share capital of the Company to be admitted to the Official List

Espley-Tyas Property Group

public limited company



MANAGEMENT

How secure are your programs?

The most notorious computer fraud yet detected occurred in 1978. Mr. Stanley Mark Rifkin, a contract programmer working at a Los Angeles bank, successfully transferred \$10.2m (£1.4m) by way of a computer system to his Swiss bank account. He was caught because he used the computer to buy diamonds. A dealer became suspicious of the large quantities of gems he was buying and informed the police.

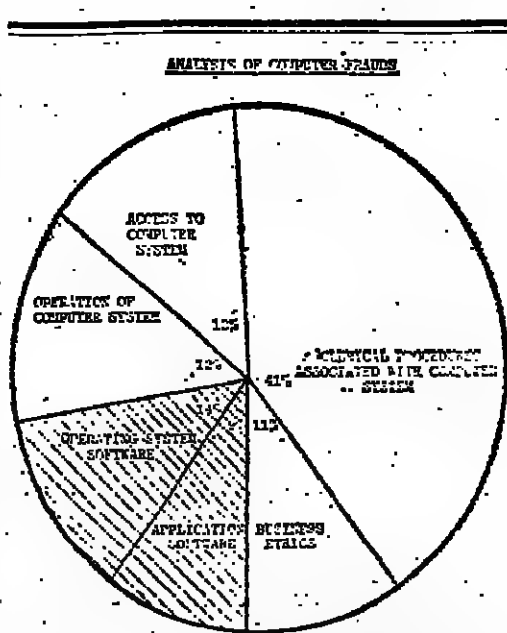
Computer auditors cover the investigation and review of computer systems. The primary concern is to ensure that sufficient controls are built into these systems so as to prevent their unscrupulous or mistaken use. Anyone in government or industry introducing a computer system into their business probably needs the advice of a computer auditor if they want to be sure that they are not running unnecessary risks of fraud or error.

How can one be sure that computer systems are not being abused or operated in error? A computer system concentrates power. It stores large amounts of information and provides the person operating a computer terminal with the ability to set in train tasks which previously would have required a number of people to complete. Moreover, the workings of the computer are invisible. Indeed, using the modern computer terminal, which consists of a television screen and keyboard, there need never be any written record of what has been done.

These characteristics of the computer system, concentration of power and invisibility of record are ideal for someone intent on fraud. They also make accidental errors virtually more serious and difficult to detect.

In overcoming the risk of fraud or error, the computer auditor's greatest ally is the computer itself. Once programmed it will always produce the same results in the same circumstances. The auditor can harness this characteristic to his advantage and build controls into the computer system which check its operation.

Thus, he can require that the computer is programmed to check the validity of each piece of information entered into it.



Segments indicate areas of weakness which permitted fraud. The shaded area relates to frauds which involved direct interference with computer programs or files by technical staff.

Source: Risk Analysis and Control by Dr K. W. Wong published by NCC Publications.

to reconcile financial figures and to ensure that users of computer terminals identify themselves by a password before they are allowed to proceed. The computer auditor must be analytical about the vulnerability of a system. He must review the flow of transactions through the computer, and the associated clerical procedures, and decide where the weak points are.

More than 75 per cent of frauds are perpetrated not by highly specialised computer staff, but by clerical or managerial staff who use the computer system as part of their normal work. The diagram analyses a sample of reported computer frauds.

Frauds which occur because of a weakness in controls around the computer system, should be easy to avoid. If management take advice from a computer auditor when their systems are being designed they should be able to introduce controls which will virtually eliminate the risk of frauds.

Experienced auditors suggest that these frauds do occur frequently. Recently a payroll clerk in a large London-based

organization supplemented her salary by entering details of fraudulent temporary staff into the computer and collecting their pay.

In another case, the credit controller at a leading British publisher discovered that there were no controls in the computer program to prevent him from forwarding invoices. In collusion with a payments clerk as a customer, he made off with tens of thousands of pounds.

The highly technical fraud in which a computer program deliberately modifies a system to its own advantage, is potentially much more serious. Such frauds are the most difficult to detect. Certain trends such as the scope of computer systems, through the use of computer tapes, or even by messages sent down telephone lines to a bank's computer, make the potential harm much greater and easier to get at.

None of the computer-based money transfer systems which I have reviewed has controls as good as they could and should be.

Computer auditing is a new

science, but one that is

developing so fast as more

companies and organizations

computerize their systems that

it may well overtake traditional

auditing practice. Andrew Warren,

partner responsible for Computer

Audit Services at Deloitte

Haskins & Sells, the leading

international chartered

accountants, begins a two-part

series on the subject

A check on the pay-day tradition

The campaign to switch from traditional methods of paying wages weekly in cash gained new momentum last week with a collective gesture of support from employers and workers. The Confederation of British Industry's policy making council, this wholeheartedly endorsed a paper presented by the Committee of London Clearing Bankers—obvious beneficiaries of a switch to monthly cheques payments—which set out the advantages of using payment methods other than cash.

However it remains to be seen how many employers translate their support into action. For, despite theoretical advantages, actually achieving the changeover is more difficult than it appears.

Most employers agree that cash is old fashioned, expensive and risky. The costs of using it to pay wages in terms of administrative security charges and the physical handling and checking involved add, according to the bankers' conservative

assessment, about £25 a year per employee to overheads. Bankers argue that the high security risks mean that it is in the national interest well as in employers' own self-interest to use alternative methods.

Over 50 per cent of all British workers and 78 per cent of manual workers are paid in cash. Britain lags far behind other industrialized countries. During the last 10 years, the French have introduced four-weekly non-cash pay for over 90 per cent of the workforce, while in Holland and Sweden over 80 per cent of employees are paid by non-cash methods. In West Germany and Canada only 5 per cent of workers are paid in cash and in the United States the proportion drops to 1 per cent.

In Britain the trend away from cash is growing. Each year some 400,000 employees make the switch. But why has progress been so painfully slow? The reasons for this lie

partly with the banks themselves. It is not economical for them to operate personal accounts which are emptied each week and so, previously, they have not particularly welcomed business from weekly paid workers.

The Committee of London Clearing Bankers and the Payment of Wages Working Group, which has recently been formed by the 12 leading high street banks, emphasize that significant savings for employers can only be achieved if the frequency of payment is increased from one week to four weeks or a month.

For both employers and trade unionists, a change in frequency of pay carries overtones of a switch to equal status. As such it represents the tip of a much larger problem which could involve renegotiation of notice periods, pension rights and other complications.

If the changeover is not comprehensive and an employer

has to operate several methods of payment simultaneously, any financial gains can be swiftly lost.

Apart from a lessening in security risk, there are a few inherent advantages for employees. A disadvantage is that of drawing cash. Recognizing the bankers' reservations, the points out that some of the banks are trying to instal more cash dispensers, while others, such as National Girobank and the Co-operative Bank, are opening on Saturday mornings.

Although the industrial relations problems are all still well entrenched, the employer's acceptance in principle that change is needed indicates a new willingness to find answers.

From the bankers' corner there is competitive pressure from comparatively new quarters such as National Girobank, one of whose stated aims is to attract more customers among those paid weekly in

industries. The point at which information is recorded into the computer is being moved further and further forward in the business cycle as computer terminals appear in the shop, sales office and on the factory floor.

To an increasing extent, we are going to see the introduction of computer systems through which all of a business's accounting is undertaken, and management will depend entirely on the summarized financial results and statistics provided to them by the computer.

Errors in such computer systems can be devastating if they are not detected early enough. They become more likely as the computer strengthens its monopoly over the vital financial and statistical information required to run a business.

Last year my firm qualified its opinion of the accounts of a publicly quoted company because of "proper" accounting records had not been kept by the company in that it had not maintained a controlled system of accounting for debtors since May 1, 1979, the date on which the sales ledgers were computerized.

In another case the management of an engineering company in Yorkshire which was taken over following heavy losses, attributed its problems in part to an undetected computer error which had caused stock to be over-valued by £2m.

It is possible to avoid such problems, but only if management throughout industry and government are aware of the importance of establishing good controls over the computer systems they introduce into their business.

Computer auditors who are employed in accounting firms and internal audit departments have a crucial role to play in assisting and educating management in the control of computer systems. This can be done as part of the annual audit procedures, but the computer auditor will be much more effective if he is consulted during the early stages of designing a computer system. The new skill of computer auditing is going to be fundamental to the effective management of computer systems in the future.

Mr Sam Wainwright, managing director of National Girobank, acknowledges that industrial disputes and other problems have hindered growth. Nevertheless, an estimated 130,000 new personal Girobank accounts were opened last year, to bring the total to 950,000. Mr Wainwright is determined to obtain at least his share of any future business.

Patricia Tisdall

LETTERS TO THE EDITOR

Design of fast nuclear reactor

From Mr S. A. Ghalib.

Sir, Perhaps you would allow me, as one time managing director of The Nuclear Power Group (TNPG), to comment on a particular recommendation in the first report from the Select Committee on Energy in the United Kingdom, up to 1967, new types of reactor were designed, developed and prototypes built by the Atomic Energy Authority, who then passed their information to industry. There are pitfalls in the transfer of design information from a research organization to an industrial company, as the subtleties that arise in the conceptual design phase cannot be effectively conveyed to the recipient. The United States, Canadian, German and Swedish governments avoided these problems by entrusting new reactor designs to companies that would eventually exploit them commercially. The inherent shortcomings of the

method of working in this country were realized by the British government and in 1968 we successfully negotiated the transfer of the AEA's reactor design teams—fast reactor, and the steam generating heavy water reactor—to TNPG. The AEA's Reactor Division remained, and still is, a highly qualified research and development organization with some unique experimental facilities in this country. They have been providing support in basic technology for the reactor designs produced by TNPG, and now by the National Nuclear Corporation (NNC).

The present select committee recommends that the fast reactor design responsibility should revert to the AEA (para 142). This is very surprising especially in view of the committee's strictures (para 131) of that organization. The recommendation would seem to be perverse in refusing to learn

from experience. The prototype of the fast reactor has already been built, and what remains to be done is the production of commercial designs in the closest possible collaboration with plant manufacturers and the generating boards. If the main reason for the recommendation is the need to augment the NNC staff now working on thermal reactors (over 1,000) by 100 or so, this should be, and indeed could be, done from other sources. If the AEA were to undertake reactor design work, they would have to recruit designers as they no longer have such staff.

It is important to distinguish design, engineering development and research and have the right infrastructure, and not to sacrifice it for expediency. Yours faithfully, S. A. GHALIB, 238 Washway Road, Sale, Cheshire.

Selling goods overseas

From Mr I. P. Kirkpatrick.

Sir, I am certain Lord Limerick as chairman of the British Overseas Trade Board was not addressing this company when he suggested that British exporters were not taking advantage of Mexican opportunities. We sell our toffees, butterscotch, nougat, etc. all over the world and have been some pains to develop the Mexican market over the last two and a half years. However, since October 3, 1980 the Mexican government has stopped sugar confectionery imports, even into the duty free zones, by the requirement of import licences which, to date, despite every endeavour, we have been unable to obtain. These measures will continue to the end of 1981 and may well be extended. Exporters have to have thick skins as they are always being advised on some aspect of their work but perhaps next time your headline might read "some exporters failing to exploit Bongaese market", or which ever one it is.

There is a marvellous opportunity for a high-powered start-up to combine an adult programme with advertising British goods, which would soon appear in the shops. Yours faithfully, DAN MACGREGOR, SA/T4 Sierra Mijas, Los Boliches, Malaga, Spain. February 15.

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Standing charge for gas

From Mr Stanley Meyrick.

Sir, The "robbery" referred to by your recent correspondents is indeed to be deplored, but Mr Ian Mackenzie (letters, February 15) may like to pay attention to his members a way to avoid the "standing charge" for gas. It was suggested to us by a friendly—and slightly ashamed—gas board official in London, and we have found that it works here.

You must ask for the ordi-

nary gas meter to be replaced by one operated by a coin. Installation in our case, cost £8, that is, half the annual standing charge which we no longer have to pay! The slight inconvenience is lessened by keeping a couple of 50p pieces in a little bag tied to the meter.

Yours truly, STANLEY MEYRICK, 6 Fordwick Road, Westbury Garden City, Herefordshire, AL3 6EY.

Changing currency at the bank

From Mr S. J. Cartwright.

Sir, Not only is my local branch of Lloyds Bank reluctant to handle foreign currency (Mr Ellis, letters, February 19) they even refuse to give change for a pound note unless one gives one's name. The cashier then completes a form including

the name and eventually the change is given. Yours faithfully, S. J. CARTWRIGHT, Room 626, State House, Holborn, London, WC1. February 19.

Lessons of the 1980 steel strike

From Sir Charles Villiers.

Sir, Your leader of February 14 last says: "The lesson of the steel strike was that the waverings of government policy were confusing to the participants." The BSC board and management were not so confused. They had adopted a policy of "10 per cent more for better results, plus 2 per cent to consolidate the previous year's supplement."

Sir Keith Joseph, as Secretary of State for Industry, was told of this and kept fully informed throughout the long steel strike but he persistently left the whole thing to the BSC. BSC ultimately reached a solution consistent with its policy; this is the real lesson of the strike which so far has proved a watershed in industrial relations.

I write this lest a myth become part of accepted folklore. Yours faithfully, CHARLES VILLIERS, Blacknest House, Sunninghill, Berks, SL5 0PS.

From Mr J. A. Lomborg. Sir, A workforce slashed by half, a union demoralized and scrapped. A director spending 55 per cent less of his time sorting out industrial disputes. Productivity at present standing at 9.4 man hours per tonne of steel with a target, if orders flow in, of 5.74 man hours per tonne (about 1.5 man hours below the German level). A smiling workforce.

Can this be in Britain? Indeed, at British Steel Corporation's Port Talbot plant. Congratulations! Yours faithfully, J. A. LOMBERG, Managing Director, Jobs Weekly, 11 St Bride Street, London, EC4A 4AS.

De Lorean—a pointer to better days?

There was a great deal of satisfaction in Belfast last Monday when the De Lorean sports car made its public debut at the Ulster Motor Show. The Government-backed project, which has generated so much controversy and across the newspaper since Mr John De Lorean signed an agreement with Mr Roy Mason, the then Northern Ireland Secretary in August, 1978, was seen at last to be real. There it was, sleek and elegant, unique in its unpainted, brushed stainless-steel finish, with kickable tyres and thumpable seats, effortlessly outpacing everything else at the motor show in one corner of the Kings Hall, Belfast.

Alongside the finished car was a barebones chassis, engine, transmission and suspension exhibits which showed just what a well engineered solid and corrosion-resistant car the De Lorean is destined to be. But the important thing was that the exhibition car was not a one-off prototype, lovingly handbuilt for the show. It was one of several hundred that have now been produced at the new car factory on the southern outskirts of Belfast. Last week 12 a day were coming off the line: this week the figure should be nearer 20 a day, as production increases rapidly. Already the company's compound near Belfast harbour is filling ready for the first shipment to the United States of 150 cars within the next few days. Other shipments will follow shortly to create the stockpile of at least 700 cars which the company wants in the United States for a coast-to-coast market launch early in May.

"This is Belfast's car, Ulster's car—and it is only right that it should make its debut at the Ulster Motor Show," said Mr Don Lander, De Lorean's local managing director, the former Chrysler UK boss. Mr Lander was right too, for the Ulster public needs no industrial boost after all the appalling blows the economy has suffered in the past 12 months. It would be churlish to deny Belfast its share of pride in the debut. Even if the car was conceived in the United States, styled in Italy and its

engineering refined in Norfolk by Lotus, it was Northern Ireland companies and Belfast labour that built and brought into operation the United Kingdom's most modern car plant in an astonishing 26 months from the turning of the first sod on a boggy, green field site.

Set that against the Isle of Grain, the Thames barrage or British Leyland and it could

Industry in the regions

Belfast

be an apt retort to the venture's many critics who, from Ulster, seemed to have resented the whole idea of any Government industrial investment in Northern Ireland and sniped continuously since the day the project was first mooted.

De Lorean men point out that their project is good for Britain too, with 80 per cent of the car's materials and component parts being purchased from such otherwise work-short mainland producers as British Steel and GKN.

The drama continued until only five days before debut day when Mr Adam Butler, the Northern Ireland Minister of State for Industry, said the Government would provide guarantees for a bridging loan of £10m to see the De Lorean company through until a cash flow began with the first sales in May. In return, the company has given Mr Butler a written undertaking that all the Government's obligations towards the venture have now been met and that previously agreed royalty payments of £185 per car will be made to the exchequer.

Mr De Lorean stressed that the guarantee sought for the short-term loan was not further state aid and that the company should reach profitability by the third quarter of the year when the £10m loan would be repaid.

De Lorean will probably let the dust settle for a while before pressing on the Government its proposal to establish its engineering and development centre here in an adjacent factory vacated by Grundig last year.

Meanwhile, 40 to 50 new recruits are being taken on almost every week to man the De Lorean factory, where the initial workforce has proved itself, according to Mr De Lorean, to be "sensational".

The media and political spotlight on De Lorean has tended to take attention away from another British Government-United States private enterprise joint venture which is similar in style and equally easier for fast-moving executives. This is the LearFan 2100 twin-turbo prop business aircraft under development in Nevada for production near Belfast. The prototype recently made its maiden flight. In Northern Ireland the production workforce is already building up and now numbers about 160 of the ultimate 1,100.

If the radical, all carbon-fibre LearFan and its coupled turbo-prop engines driving a single pusher propeller through a common gearbox—a common enough arrangement in helicopters if not in fixed wing aircraft until now—do not prove to be too much for the United States Federal Aviation Administration's certification engineers to swallow in one gulp, the LearFan seems destined to romp away with a market previously shared between the lightplane big three—Cessna, Piper and Beech. It is about 100 miles an hour faster and little more than half as thirsty as its nearest rivals.

For all this, the new employment represented by De Lorean and LearFan is but a drop in the bucket compared with the flood of jobs in Ulster. Unemployment has increased by almost 50 per cent in a year to stand at almost 100,000, or a rate of 17.2 per cent. The vast Belfast shipyard staggers on through the recession, its few orders heavily underwritten by the Shipbuilding Intervention Fund while its salesmen chase faint market prospects as

never before and its designers prepare for the revival in an extremely bleak world of coal-burning ships.

Short's aircraft factories, just over the shipyard wall, are relatively prosperous and are now Ulster's largest manufacturing employer with a steady flow of orders for big aircraft assemblies from Lockheed and Boeing jumbo jets and Shorts own 330 commuter airliner. A development of the latter, the larger 360, is being prepared for a maiden flight this summer. Along the other end of the business street, the Government-funded Local Enterprise Development Unit has now wholeheartedly embraced the concept of small cooperatives and has appointed full-time specialists to nurture such ventures, in addition to the more traditional small firms it has encouraged into existence in recent years.

One such cooperative opened last Monday in Belfast's Shankill with Northern Bank support to make high quality children's clothes. It employs 15 co-owners and plans to double the figure within two years.

Still unresolved is the question of Northern Ireland's excessive energy costs and the Government's refusal so far to supply the province with a share of the United Kingdom's North Sea's natural gas.

Mr Butler, seems to be marginally less set against the idea of an undersea pipeline from Scotland than was his predecessor. The Government's rejection of an apparently unanswerable case for a pipeline which was made by the Northern Ireland Economic Council is now being taken up by the parliamentary select committee on energy, and even that economic non-interventionist Mr Enoch Powell is calling for equalization of energy costs throughout the United Kingdom. Meanwhile, the planned run-down to extinction on Northern Ireland's gas industry has been put on "hold" while Mr Butler discusses with Dublin the possibility of piping into Northern Ireland natural gas from the republic's Kinsale offshore field.

Bob Rodwell

Lloyds Bank Group Results 1980

With good results from overseas but UK domestic profit down

Group profit before tax was £290m, an increase of 5% over 1979, which was below the rate of inflation

After tax and dividends retained profit was £172m

Retained profit contributes to shareholders' funds. These now amount to £1,395m, which supports worldwide lending and a total balance sheet of £19,866m

When the figures are adjusted to allow for inflation, pre-tax profit was £164m and retained profit £47m



Lloyds Bank Group

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BY THE FINANCIAL EDITOR

Judging the pattern of the recession

Past world recessions have conformed to a fairly predictable pattern. But this time round there are still too many conflicting factors to make any more than a rough guess of the shape of the present one. The trouble stems from the fact that over the last month the monetary indicators are no longer signalling the slow recovery in world economic activity they were at the start of the year.

Last week German and Swiss interest rates moved up sharply while both in the United Kingdom and the United States rates are being kept higher than is consistent with the expected recovery in industrial output. So at this stage of the cycle the best working assumption seems to be that the upturn in economic growth and trade could be delayed until early next year instead of the expected break-out from the middle of 1981, implying that the trough of this recession will last a lot longer than previous ones.

Assuming there is still some truth left in the locomotive theory of world economies, that backdrop could yet be upset if President Reagan's strategy to revitalise the United States economy works. Even before the President's box of tricks last week, the economy was exhibiting unusual strength.

Encouraged by strong consumer demand, United States companies have started to rebuild their heavily depleted stocks and industrial production has maintained the strong upturn of the last quarter of 1980.

But the performance of the United States economy over the last year, especially interest rates, has virtually defied any form of forecast. Even if Mr Reagan's budget gets through Congress—and that is a big hurdle at this stage—his supply side medicine will take longer to work than Wall Street likes to look ahead. Certainly United States equities have had enough time to digest the Reagan approach, given the way the budget framework was leaked and, judging by their sceptical reaction to the fine details last week, they are far from confident that the United States economy is leading for the promised land.

On the other hand, United States bond markets have had rather more to get their teeth into. True, the balanced budget goal is still some three years away, and the immediate impact of the budget—to the extent that tax cuts will have a faster impact than the spending cuts—may be more inflationary than expected. But the resurces in United States money markets are subsidised enough to allow the Federal Reserve to back-pedal a little on interest rates, and further gains in bond prices like those seen last week look on the cards—until the Fed tightens up again if the inflationary pressures mount later this year, say bank on United States prime rates staying below 20 per cent.

Retailers

Woolworth rises again

Woolworth's publicity for Operation Crackdown, its new price cutting campaign, succeeded in frightening the stock market, to use that phrase which may be, it is useful as a place that Woolworth must win it is to fill empty tills. Already the question is asked: Has the City been taken

Only a few of the price cuts are of one lot, and the 800 lines to be cut is not so much a run to, say 8,000. In any case national groups such as Debenhams have already attracted public attention with bargain sales, and some stores seem to have had sales continuously since January 1980. So Woolworth is not exactly early on the scene. It could, however, be later than competitors in unloading surplus stocks, and cutting costs, and squeezing keen deals out of suppliers. Moreover these competitors must hope for a fall in short-term working as the year progresses, and for a pickup in consumer confidence and spending next Christmas, the time when retailers make most of their money. It is a view that some brokers will soon put to institutional clients. They will prod them towards recovery stocks like UDS and Debenhams

rather than defensive blue chips such as Marks and Spencer. But next Christmas is some way ahead, and profit prospects among streamlined manufacturers as the business cycle turns up look more exciting. On this view, retailing shares look a little too high. As a sector stores have over the last six months outperformed the market by 6 per cent, and Marks by as much as 22 per cent. Most have a poor 1980 yet to report on.

This year unemployment will be higher than last, bad for customer confidence and pay packets, from which heavier national insurance contributions will soon be taken. Nor is it clear that redundancy payments in total will increase. Until recently wage deals were outpacing inflation. Now the two are moving into line. The Budget seems more likely to make money out of pay packets than to put it in. Stores themselves this year again face big increases in their bills for heat, light, transport and rates. So it looks as if most profit rises this year will be small at best.

Finally, the whole notion of "defensive" stocks has taken a battering as holders of do-it-yourself, fashion and brewery shares know to their cost. Woolworth's price cutting will do nothing to restore it to retailers.

GKN

Stanching one wound

Guest Keen and Nettlefolds, Britain's battered engineering giant, now has one less problem to deal with after last week's agreement on merging its bar, billet and wire rod interests with British Steel.

But the deal, which involves forming a jointly owned company with annual sales of about £200m and net assets of £130m, can be of little immediate comfort to GKN shareholders who are very likely to learn in March that the group lost money during 1980 and will only be paying a notional final dividend, if that.

The best thing about the deal from GKN's point of view is that the formation of Allied Steel and Wire next July will immediately plug one cash drain.

Bulk steelmaking is a cash-hungry business even at the best of times, but from next July GKN's commitment to this end of its business should end. The initial working capital needs and opening losses of the new company will be financed through cash injected by British Steel and by commercial borrowings.

The company will also be treated as an associate and half its losses consolidated. So assuming the losses from the GKN side—£6m before interest in 1980 against a £6.5m profit—are greater than those of the BSC operations, an assumption based on the fact that GKN is providing over half of the assets and turnover, then there could be some benefit to GKN's profit and loss account.

However, as far as GKN's balance sheet is concerned the deal has little impact. On the plus side there will be no book written-down, but GKN is not going to be able to shift much debt from its own balance sheet to the new company. It will offload only some European Coal and Steel Community loans, acquired to build steel plant, which amount to less than £20m.

There is little doubt that the GKN balance sheet, helped by the £45m from the sale of its stake in the Australian associate and showing net debt of £262m against a net worth of £778m at end 1979, will have been considerably weakened by the past year's trading in automotive components and engineering.

Profit forecasts for 1980 range from either side of break-even to losses as high as £30m, so bearing in mind overseas tax to pay and redundancy and closure costs of about £30m, there will be a heavy debit to reserves.

Meanwhile, cash has been flowing out of the business, and, depending on stock reductions, borrowings will have risen substantially.

Then there are more losses to face in at least the first half of 1981 and agreement still to be reached with BSC and others on rationalizing engineering steels. So recovery at GKN is still some way ahead.

The banks are about to report profits for 1980 which show them doing substantially better than almost any other major sector of British business. The banks tend to do well when others are doing badly, and poorly when the rest recover.

As the Chancellor prepares his Budget the banks fear that there will be special measures in the package for them. Last year they escaped a "windfall" profits tax by a whisker thanks to the eloquence of the Bank of England and talk of a serious downturn in profits.

This year the same talk of "wolf" seems to cut less ice with impatient and hard-pressed politicians, and paradoxically the banks have few friends in this most conservative government.

Last week, Lloyd's Bank announced profits of £290m before tax, some £13m up on 1979. But within this figure profits from banking operations in Britain fell from £203m to £195m and provisions for bad debts rose more than tenfold from £3.7m to £41.2m. Other banks are expected to follow the same trend.

Overall bank profits are not going to be embarrassingly high this time in the sense that they will be down, even sharply, from those parts of their operations directly involved with lending to industry. Banks will also be reporting rising bad debts because of lending "well beyond" as one banker put it "the limits of commercial prudence".

City estimates suggest that during 1980 bad debts incurred by the four main clearers, Barclays, National Westminster, Midland and Leeds, had ranged between £300m and £500m, that is between three and four times as much as in 1979. Banks, such as the Midland, which are deeply involved with industry could be particularly badly hit.

But the provisions are of two distinct types. There are specific provisions for known trouble spots while the general

Can the banks escape the Chancellor's attention?

Those who want to tax the banks have wheeled out some powerful arguments.

They say the banks have been largely responsible for pushing the government's monetary policy off course and making it look ridiculous

provisions are laid aside for unspecified problems, and cleaned from reports submitted by branch and regional managers.

Critics say that the banks can fudge some of the figures and write back excess provisions in bad years when the political pressure eases off. The banks have always denied such Machiavellian tactics and say that the provisions are needed and they would not be doing their jobs properly if they did not provide for all eventualities.

They also say that when so many companies are going to the wall it is not surprising that bad debts are piling up. Meanwhile, recent reports from branches and regional offices still point to a gloomy business picture and show no signs of an easing off of the recession.

The banks are at pains to emphasize that they are bending over backwards to help ailing companies. It is only in the very worst circumstances, say the bankers, and after a report by independent accountants that they call in the receivers. They have not followed the German example of the 1920s when banks converted short-term loans into shares of companies, but in some cases British banks have come close to it and although Massey-Ferguson is a foreign company with strong British

interest, the rescue package may be the beginning of a new era, in Britain, uncharacteristic pattern.

It is against this background that there is renewed talk of a new tax on banks. Initially there were rumours of a tax on current accounts, but there seems to be some disagreement on that even at the Treasury where Mr Nigel Lawson, the Financial Secretary is no friend of the banks.

No decision seems to have been taken, but the Chancellor may well say something which at least goes half way to satisfy those wishing to penalize the banks.

Those who want to tax the banks have wheeled out some powerful arguments. They say the banks have been largely responsible for pushing the government's monetary policy off course and in the process made it look ridiculous. It is worth recalling what actually happened.

In his last Budget Sir Geoffrey Howe set a money supply target of 7.1 per cent for the current financial year (measured in terms of sterling M3—the wide measure of money). Now, although the financial year is not over yet, it seems clear that the actual figure will be around 17 or 18 per cent.

What irks the critics is that, they claim, the banks are

responsible for 4 or 5 per cent of that. In other words but for the banks the policy would have looked only moderately unsuccessful.

The problem arose after the corset restrictions were lifted last June. During the corset restrictions leading through acceptance credits—where banks guarantee credit extended between third parties—rose sharply as did foreign currency lending to British companies. After the end of the corset these credits eventually found their way into the banks' balance sheets and thus into the money supply figures. This happened to an extent which amazed observers.

This in itself would have been enough to provoke anger at the Treasury but it was further fuelled by moralistic arguments. The Confederation of British Industry and many small business people, usually Tory voters, are indignant about bank profits. They regard these as government largesse entirely attributable to high interest rates and not caused by any special skills. It would only be right, they think, that the Government claws back some of these gains.

But taxing the banks on past profits would not only be introducing a retrospective tax, something alien to Conservative philosophy, it would be unwieldy because such a tax

would also have to apply to institutions other than clearers including the Cooperative Bank, the Trustee Savings Bank and others.

The argument that the banks have been helping industry cuts little ice with the more Conservative politicians. They would say that when companies in trouble go to the wall the good parts are bought out while those that have no chance of becoming profitable ought to disappear and clear the decks for more healthy businesses.

Such an extreme view is unlikely to prevail and the Government will probably agree with the Bank of England that the banks are facing a cyclical downturn in profits. But there are other ways that the Government may act. There is now increasing talk of a possible shift of export credits from the Export Credit Guarantee Department to the banks.

Foreign currency export credits have already been taken over by the banks. If the £1,400m of export credits was shifted from the ECGD to the banks the public sector borrowing requirement (PSBR) would be reduced by perhaps £1,200m. The PSBR is likely to be above £3,000m compared to initial predictions of £2,500m. These credits are on fixed rates ranging between 7½ to 8½ per cent. The rest would have to be subsidised by the Government but the level of interest subsidy could vary thus imposing some penalty on the banks.

Other schemes are also being mooted, including one on helping small businesses at low interest cost. But since there would presumably be government guarantees for the loans the banks would be happy to lend at low rates.

Overall the likelihood is of a typically British compromise with the flexibility offered by the shift of export credits making it the favourite among followers of the banking business.

Roman Eisenstein

Patrick Knight

Brazil's home-grown answer to oil



An alcohol service station in Brazil: two-thirds of the fuel is distilled from indigenous sugar cane.

Apart from the 250,000 new cars fitted with alcohol-burning engines in 1980, about 50,000 petrol engines were converted last year, an operation which costs about £100. But far more alcohol is being consumed than would be accounted for by this

number of cars, and this is worrying the government. More engines are being converted illegally than are being handled by the premises licensed to do so.

The manufacturers say that a cheap conversion is a bad bargain. Apart from higher fuel consumption, unless proper materials are used for all the parts coming into contact with the alcohol, from the fuel tank, to the carburettors, they soon corrode away. A proper cold start system is also required, as alcohol will not ignite below 15 degrees Centigrade.

The lower running cost of the alcohol-powered car appeals particularly to high mileage motorists, such as taxi drivers, and commercial users. The price differential is such that many motorists and unscrupulous garage owners are tempted to mix their own cocktails. Many are adding more than the 20 per cent alcohol, which can be

burnt in an unmodified petrol engine.

More than 500 new garages are switching to sell alcohol each month and each has to build up stocks. The industry claims that enough alcohol is being distilled to fuel 1.2 million cars, so there should be nothing to worry about.

Far more alcohol is still being mixed with petrol at the pumps, forming "gasohol", than is sold "neat", so there is great flexibility. Altering this mix would eliminate an existing surplus of petrol which is having to be exported at low prices, as refinery runs cannot be easily altered.

Although Brazil's ambitious cane planting and distillery building programme will almost triple the amount of alcohol available by 1985 to more than 10,000 million litres—enough fuel for five million cars—the government does not want the programme to get out of hand.

Two motor companies start making lorries powered by alcohol this year. General Motors are to make a 12-ton truck designed specifically for the cane growers, on the basis that distillers will prefer a vehicle which they can fill up free.

With the huge expansion in cane production, GM calculates that there will be a large market for it.

Volkswagen will also soon be making a smaller alcohol-powered truck at the plant it bought from Chrysler two years ago.

VW is trying to convince the South-east Asian countries which it supplies with kits from Brazil of the merits of alcohol and has had some success. The tough cars made in Brazil (though not those made anywhere except Australia, Mr Joseph Sanchez, the General Motors Brazilian president, says) are ideal for other Third World markets in Africa, Asia and the rest of Latin America, which the "world" recession is hardly affecting.

But, as with everywhere else, Japan's exports are hitting Brazil. Even within Latin America half of all cars imported now come from Japan. In Africa, Brazil's other major market, the fact that Japanese ships can always find some raw material to ship back, while Brazilian ships cannot (apart from oil, Brazil imports everything except sugar), gives the Japanese an edge.

This is why Brazil has concentrated as much on high value engines, where freight rates are lower per unit, as on complete cars.

But some longer-sighted men in Brazil's motor industry believe that Japan's price advantage must gradually shrink, given the fact that the Japanese import virtually everything to make their cars, while Brazil imports nothing except some machinery, and labour costs are lower, too.

The feeling is that as the giant United States companies digest the need for smaller cars, and get underway in this field, the Japanese need to look out. Both General Motors and Ford are spending about £200m on new facilities in Brazil—with export markets in mind.

Business Diary profile: Lloyd's of London

in Graham Page. Conservative MP for Crosby, Merseyside, not only promoted private parliamentary Bills successfully, getting a Lloyd's Bill through "on the nod" last week.

That news, however, will not add to scenes of wild jubilation in the committee room at the elite underworld club in London's Lime Street known as Lloyd's. For the Bill concerned that other unappetizing Lloyd's—the clearing bank—and was little more than a rubber-stamping of a minor takeover.

The other Lloyd's Bill, which Sir Graham is handling, proving an infinitely more daunting task to steer through the House, Sir Graham, whose past successes as a promoter include the 1957 Cheques Act and the 1950 Pawnbrokers Act, as found himself having to negotiate through a minefield of Tory criticism about different aspects of the Bill. Ironically most of the criticism is in favour of the Bill in essence. Designed to improve self-regulation in the market, it presents a bold action by Lloyd's to tighten its rules in the wake of a series of scandals and disputes.

But the rebels are hotly opposed to several aspects, not only clause 11 which would give the new ruling council increased powers under the Bill, an indemnity against legal action. Debate over the Lloyd's Bill is many-sided but at its centre is the question of just who holds the control of one of the world's most famous institutions—an insurance market handling insurance premiums of almost 2,000m.

put up their belongings "down to the last gold cufflink" as security against the risks Lloyd's underwriters take. But 16,000 of this total have virtually no involvement in the market.

This "dormant" body of underwriting "names" who have one possession in common—wealth, have been sharply awakened in recent years by a series of disputes, scandals

and worse still losses, culminating in the notorious Sasse syndicate affair.

These members may have been soothed by the news that Lloyd's was to put its house in order through an independent inquiry headed by Sir Henry Fisher and following from that a draft parliamentary Bill. This would keep the professionals, who used the market in check. But, who, an increasingly

vociferous minority of names has been asking, will keep the rule makers in check? The problem is that Lloyd's has become increasingly dominated by big insurance brokers. They produce the business and the employees hold sway in the committee room. To outsiders there seems an obvious conflict of interest between the duties of these employees—underwriting names and the companies they work for.

So far the debate has brought an interesting cross-section of establishment figures into the public glare. There is for example Lady Middleton, wife of the 12th Baron Middleton of North Yorkshire, and a general's daughter and magistrate. Stung into action possibly by an earlier experience as one of the names on the hapless Sasse syndicate, she now heads an Association of External Names which is campaigning vigorously against various aspects of the Bill.

Secretary of this new association, David Watkins-Cronin, an Irish barrister and architect, became a Lloyd's name only last year, but has become sufficiently alarmed about what he has learned since then to campaign for a redrafting of—or, at least, to see substantial changes in—what he regards as a "thoroughly bad Bill".

Another name who has drawn a fairly spectacular cross-section of Tory thinking to one common purpose. From the right in the shape of Archie Hamilton (Epsom & Ewell), to the near left in the form of Richard Needham (Chippenham),

Secretary of the House of Commons the debate has drawn a fairly spectacular cross-section of Tory thinking to one common purpose. From the right in the shape of Archie Hamilton (Epsom & Ewell), to the near left in the form of Richard Needham (Chippenham),

Secretary of the House of Commons the debate has drawn a fairly spectacular cross-section of Tory thinking to one common purpose. From the right in the shape of Archie Hamilton (Epsom & Ewell), to the near left in the form of Richard Needham (Chippenham),

joined to thrash out the issues with Sir Graham. Many like Needham, Alastair Goodland (Northwich), Peter Lloyd (Fareham), John Watson (Skipton) and Richard Body (Holland with Boston) have an obvious interest in that there are among the 55 Conservative MPs who provide security at Lloyd's.

Others like the quixotic Jonathan Aitken (Thanet East) would claim perhaps to have a more distant interest, viz. the Lloyd's as an important British institution in danger of career-ing out of control.

Aitken, of course, has already had one bit at the windmills of Lloyd's when he brought to the attention of the House and the press the now famous "Savonita" affair.

Meanwhile, the debate among Lloyd's names is becoming increasingly fiery with signs of a split even within Lady Middleton's committee. Names who would like to see the Bill go through after important surgery and those who would like it to be withdrawn altogether and rewritten at a more leisurely pace.

And a great many other Lloyd's names cannot see what all the fuss is about anyway. One of them, Colin Baillieu, fired off a letter to *The Times* only last month to declare: "Lady Middleton and her associates want protection but if that is what they want they should not be in Lloyd's in the first place".

The existing committee of Lloyd's is fairly confident that this represents the majority view.

Richard Allen



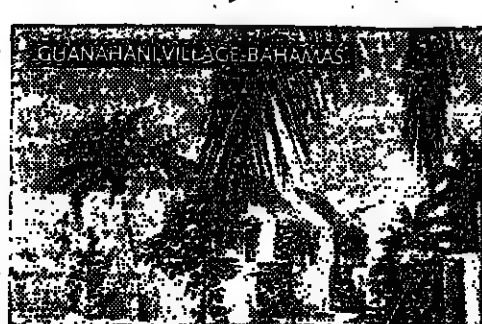
Who holds the power at Lime Street? Left to right: MPs Richard Needham (Chippenham), Sir Graham Page (Crosby, Merseyside) and Jonathan Aitken (Thanet East); and Lady Middleton.

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FINANCIAL NEWS

Conditions fail to improve in first quarter for Henlys

By Richard Allen

Further evidence of the grueling conditions faced by British motor dealers comes from Mr. G. R. Chandler, chairman of Henlys, in his annual report to shareholders.

Mr. Chandler reports that in the first quarter of the present financial year conditions in the new car market have not changed from those in the second half of last year.

Meanwhile, the group's principal subsidiary, R. Cripps & Co., which deals in construction and agricultural equipment and Rolls-Royce diesel engines, has made a "poor start".

However, the chairman says that more recently there have been "some limited signs" of improvement in new and used car trading and there is evidence of a small degree of recovery in the Cripps operation.

Last month Henlys announced its first pretax loss since the war with a plunge from previous full-year profits of £4.3m to a deficit of £387,000.

Although it boasts one of the stronger balance sheets in the motor trade with total debt of under £14m against net worth of almost £35m, Henlys was hard hit last year by a rise in interest and stock finance charges from £1.83m to £3.2m.



Mr. G. R. Chandler, chairman of Henlys.

It is looking to offset this by property disposals, which realized £809,000 last time and are expected to realize a total of £1.9m in the current year.

Mr. Chandler says that the resulting improvement in liquidity will provide the funds for planned diversification into new fields of leisure and distribution.

Further improvements in the group's financial position are expected to flow from a detailed review of the group's property portfolio which is now in progress.

No upturn in copper prices likely this year

Copper prices are likely to remain at their present depressed levels through much of 1981 as a result of weak international demand and the loss of speculative interest, the International Council of Copper Exporting Countries said at the weekend.

In the latest quarterly bulletin, the council's secretariat says an improvement might be observed towards the end of this year as the consuming countries pull out of the recession.

The bulletin remarks that the flat price trend "will add very serious and ever-deteriorating position of the copper producers".

The secretariat expects a surplus of supply over demand of about 200,000 tons on the world copper market this year compared with a similar shortfall in 1980.

The bulletin adds that because of the economic slowdown, no growth in copper consumption can be expected this year. In contrast, however, mine output and refined copper production are likely to rise by 10 per cent and 3 per cent respectively after being stagnant in 1979 and 1980.

Question mark over ICI's dividend

Despite the many technical factors involved, the equity market has been bubbling away for several weeks now with the FT Index again nudging the 500 barrier, much to the consternation of several City pundits who had been counselling investors to sell.

However, the City's enthusiasm has been somewhat overshadowed by the performance of ICI, which has already reported a loss for the third quarter and has a question mark hanging over the final dividend payment. All of the market's questions will be answered this week when the group's full-year profits are announced along with full-year figures from Carrington Viyella, National Westminster Bank and Commercial Union.

The Government is likely to come in for a rough time again tomorrow when the provisional unemployment figures for February are released by the Department of Trade. Needless to say, they are expected to show a further increase. This is followed on Thursday by the energy trends from the Department of Energy, and on Friday, the car and commercial vehicle production for January.

Full-year results from Commercial Union tomorrow, are not expected to revitalize a composite insurance sector still sagging in the wake of rival Royal Insurance's £116m rights issue.

Analysts are not prepared to look much beyond £110m pretax, against £137.6m previously, and some fear a low as low as £100m. But there are strong hopes that the dividend will rise by 10 per cent despite cover dropping below twice.

Meanwhile, most interest will centre on whether ICI can see any glimmers of recovery in the heavily depressed United States underwriting market. There has been no evidence as

yet of any let up in the fiercely competitive conditions which have developed as a result of attractively high interest rates.

Also tomorrow, National Westminster will be the second of the large clearing banks to unveil its figures for 1980. The shares put on 9p to 360p on Friday in the follow-up to the somewhat better than expected results from Lloyds Bank.

At the interim stage National Westminster made £224.8m, almost unchanged from the £225.5m made in the second half of 1979. For the full year brokers' estimates for profits range between £400m at the lower end and £450m at the top. Median estimates are for profits before tax of £430m against £441.5m for 1979. But with National Westminster, as with all clearing bank shares, as with all clearing bank shares,

As expected the dividend will be passed as it was at the interim stage. Last year the total payout amounted to 15p gross. But on a brighter note the balance-sheet will stand up pretty well with £15m to £20m expected to be drawn from reserves and the bonus doing everything to convert assets into cash.

Analysts now predict that the worst is over but point out that recovery looks likely to take quite some time. Thursday ICI weighs in with its full-year profits and the big question on most people's lips is whether or not it will cut the dividend.

The consensus at the moment is that the dividend will be maintained with several optimists hoping for a small increase.

The profits themselves are likely to be well down on last year's figure of £560m with most expectations ranging from £200m to £250m. Once again the group will have felt the full effects of the recession, particularly on the manufacturing side where a strong pound will have done little to improve conditions.

On a brighter note, production of the Nimble Field is expected to show a slight upturn but the increase in the price of



Sir Maurice Hodgson, chairman of ICI.

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This week

fears that the Budget may contain some special tax proposals which could overshadow the share price.

The textile industry was one of the first industrial sectors to be badly hit by the recession and Carrington Viyella's annual figures out on Wednesday are expected to make gloomy reading.

Analysts are predicting losses of £3m to £4.5m, compared with a profit last year of £3.5m. The problems faced by the company have been vast and the same as those experienced by nearly every textile company in the country.

Top of the list has been the disappointing second-half results by more retailers which has led to short-term working and, in Carrington's case, eventual closures. This is thought to have resulted in an exceptional loss this time in excess of £10m.

Imports from Third World countries have made life difficult and as yet no way round the problem has been found.

Avana circulates bid documents

Formal documents for Avana Foods for the Robertson Foods have been sent out. Avana forecasts that pretax profit for the year to March 28 will amount to not less than \$5.4m before employee profit sharing of about £250,000. Accepting holders of Robertson will receive final dividend of Avana of 3p for the year.

Scottish Eastern Investment Trust: Dividend 4.64p gross (4.57p) for year to January 31. Gross revenue £6.45m (£6.21m).

Likely winners of offshore licence awards

This week sees the second and final leg of the seventh round offshore licence application awards. Interest in some of the second-line oil shares ahead of these awards began to build up towards the end of last week and is expected to mount as the market waits for details of the awards from the Department of Energy.

Oil shares have been dull during the past fortnight because of a continuing "temporary" glut in oil supplies, that could easily last until the autumn, and there is surplus refining capacity in Europe.

Added to that, anxiety over the extent of any further changes to the Government's Petroleum Revenue Tax planned for the Budget has depressed the sector.

The extent of the additional Special Petroleum Tax is known—a 20 per cent royalty to raise £850m revenue—and analysts think the changes to the PRT could be designed to take a further £150m slice in taxation, to give a total take of £1,000m.

What no one knows is how the PRT burden will be spread between the bigger fields, meaning to a large extent the bigger producers bearing the cost, and the smaller fields. Several of the latter companies are hoping their smaller interests will escape the PRT net, but it is by no means certain that they will.

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Briefing

course, some of these stocks are protected by having very few or no producing assets as yet, but ideally that situation will change.

So excitement over the seventh round awards this week could evaporate as the Budget approaches. But once the PRT changes are known, though the sector is expected to have another quiet spell, second-line stocks with good exploration acreage are expected to remain

Computing services forecast to catch US

By Kenneth Owen

Technology Editor

The computing services market in Europe should grow to about the same size as that in the United States by 1983, according to a report prepared for the European Computing Services Association. The total expenditure by customers on computing services in western Europe in 1979 amounted to \$7,100m (about £3,000m), and the estimated growth rate of the market between 1979 and 1984 is about 16 per cent a year.

France represents the largest national market for computing services (\$1,670m in 1979) and also has the largest number of people working in the industry (34,500). The United Kingdom is second on both these criteria.

IBM is the dominant supplier of computing services in Europe as it is of computer equipment in both Europe and the world. Of the top 30 suppliers of computing services in Europe, the report shows, 13 are French, five are American, four are British and eight are from other countries.

French suppliers also occupy five of the top ten positions. The report says that the integration of hardware and software systems. Provision of software products is expected to grow at 18.9 per cent a year up to 1984.

The report, an annual publication, was prepared for the association by the London office of Quantum Science Corporation of New York. It indicates that companies in the industry are less concerned than in the past about issues such as transborder data flows and export assistance. They are now seeking government assistance for research and development as well as for training.

On a brighter note, production of the Nimble Field is expected to show a slight upturn but the increase in the price of

stands a good chance of additional acreage now.

Whatever the short-term benefits to share prices of these awards, production from the new acreage will not be seen for at least a year and possibly much longer.

The acreages that will attract most interest lies in the Moray Firth, which is known to be an area of considerable potential, and round the Isle of Wight. These are the most obviously "prospective" blocks to be awarded now.

The Government has made it plain that British companies will be favoured in these licence awards. But investors can look further afield and consider the domestic American oil stocks now. The take there is lower and falling—and the prospects more interesting. But the multiplicity of companies, and the volatility seen in some American and Canadian stocks, are the usual caveats that investors must tread warily.

Catherine Gunn

Business appointments

New partners at L Messel & Co

Mr David C. Paget, Mr Orma Clarke, Mr Mark Doum, Mr Roger Goodwin, Mr Keith Hodgkinson, Mr Laurie Hunter and Mr Keith Windsor will be joining the partnership of L. Messel & Co on April 10. Mr Jack Girardet will be retiring from the partnership on April 9, but will remain as an associated member.

Mr Mike Donohue is now managing director of Langdon Industries. Mr Philip Langdon, previously chairman and managing director, continues as chairman.

Mr Peter J. Woodward has joined the board of Walker & Staff Limited.

Mr Roy H. Jenkins has joined James Halstead as contract sales/marketing director. Mr David Morrison has been made retail sales/marketing director.

Lord Kearton has been elected as non-executive chairman of BPC Limited. Mr Robert Maxwell becomes deputy chairman and chief executive.

Mr Martin R. Harris has been made a director of Equity & Law Life Assurance Society.

Mr Derek Fowler has become

a vice-chairman of the British Railways Board. He retains direct responsibility for finance and planning. He will, in addition, assume wider responsibilities in connection with the overall running of the business. With effect from the same date, Sir Robert Lawrence will relinquish his responsibilities as vice-chairman of the British Railways Board to enable him to devote more time to his chairmanship of the National Freight Company. Sir Robert will continue as chairman of the BR Property Board.

Mr Edward Cummings and Mr Peter Viggers MP have joined the board of Sweetheart International (Gosport).

Mr A. R. Bagshaw has been made a director of ICI. Group's main operating company, International Computers.

Mr P. H. Barnett is now a corporate finance director, Midlands Bank.

Rear Admiral J. O. Roberts has been appointed to the board of Aeronautical & General Instruments.

Mr Paul Rosta has been made director of industrial relations of Ford of Britain in succession to Mr Robert J. Ramsey who is retiring. Mr Rosta will continue as the company's employee relations director and chairman of the company's side of the national joint negotiation committee.

Mr R. T. Harris, deputy chairman of Gallaher, will become chairman of the Mono Pump Company and Mr R. M. Miles, at present managing director and chief executive of Saunders Valve Company, will become chairman and chief executive of Saunders.

Mr H. E. Carriside and Sir John Stewart-Clark have been appointed non-executive directors of Capels.

Mr G. J. Stanley has been appointed to the board of the Steeley Company.

Mr Michael Siston has been named managing director of Vins Products from March 5.

Secretarial and Non-secretarial Appointments also on page 6

LA CREME DE LA CREME
PUBLISHING
PA TO £6,500

This job in a small but busy publishing company in the fashionable City of London. As a much sought-after and well-paid position, you will have real involvement in every aspect of the business. Good salary and excellent benefits. Telephone: 01-499 4948. 25 South Molton Street, W1.

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With secretarial skills to work for a similar or better position in a company. Knightbridge, £4,000 p.a. to £12,000 p.a. Ring Ray Sykes on 01-427 3103. Recruitment Consultants.

16,500
The Gentle Touch
varied job as PA/Secretary/Administrator for a firm of management consultants which involves a variety of duties. A gentle touch, a gentle smile, a gentle voice, a gentle heart. Looking after two partners. Shareholding could be useful. But first, try this is essential. Age 30+.
West End: 439 7001
City: 377 6600

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IN THE STRAND
SOLICITORS
Legal sec 22-35 sh and/or audio in many practice. Package will depend on 6-month appointment.

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MATURE SECRETARY
£6,500 + 4 wks. hols.
Experienced 30+ with good sh/ty. Skills and telephone manner. Incl. tele. exp. and a flexible personality. By email and friendly City firm of stockbrokers.
For further details call Lorraine Hillman on 405 6045
Kingsland Personnel (Rec. cons.)

SOLICITORS W.I.
Experienced legal shorthand and audio secretary required for partner in small firm in Mayfair. £5,750 + LV's according to experience. 401 2299.

LA CREME DE LA CREME
EXECUTIVE SECRETARY
DESIGNERS & ART DIRECTORS ASSOCIATION

Efficient executive secretary (with good shorthand) required to full time position in a busy, varied design and advertising firm. The Association's functions include the running of the Association, the design of its publications, advertising and graphic design. Working knowledge of French & German would be useful. Salary negotiable. Applications with current CVs should be made to The Chairman, D & A, 12 Carlton House Terrace, London SW1Y 5AH.

MEDICAL RECEPTIONIST
A multiple practice in the Harley Street area needs a mature receptionist who is able to run an office. Some typing and accounts. £6,000 per annum. 935 2617.

GERMAN PA/SEC
EALING £7,000
Managing Director of International Firm in Ealing seeks German PA/SEC to assist him at all levels. Must be fluent in German and English. Excellent salary and benefits. Please send CV to: CLC Language Services Ltd. CLC Language Services Ltd. (Rec. Cons.)

FASHIONWISE
£6,000
Excellent opportunity to assist in the fashion industry. Make world-wide travel arrangements. Organise meetings for the senior buying team as well as the general staff of the department. Good salary and benefits. Good social life. Please send CV to: 01-629 6132. Carol French Recruitment.

TRI-LINGUAL PA £6,000
Use your fluent German and at least one other language to travel abroad Europe. Salary £6,000 p.a. plus expenses. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

DRAKE PERSONNEL (CONSULTANTS)
TRI-LINGUAL PA £6,000
Use your fluent German and at least one other language to travel abroad Europe. Salary £6,000 p.a. plus expenses. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

THE LIBERAL JEWISH SYNAGOGUE
Is seeking a Part-time (approx. 21 hrs. per week) experienced personal secretary for one of its Rabbis. Apply in writing to:
The Secretary,
28 St John's Wood Rd., London, N.W.8.

PERSONAL SECRETARY, £7,000 p.a. for a lady in the City. Must be experienced in typing and accounts. Please send CV to: 01-427 3103. Recruitment Consultants.

LA CREME DE LA CREME
MARKETING/PROMOTIONS
£5,500

adaptable Secretary (25+) with sense of humor and initiative to work in a small firm. G. would suit someone looking for a busy job in a friendly atmosphere. 01-730 5148 (24 hrs) (Consultants)

NON-SECRETARIAL
RED CROSS
REGISTRY ASSISTANT
Assistant for Central Registry. Age 21-30, man, neat handwriting, a methodical approach and ability to understand complicated correspondence. Minimum educational requirements: 6 "O" levels. Duties include summarizing letters and filing correspondence, both of which require thought and care. Good conditions and service in pleasant offices near Hyde Park Corner (10 mins. B.R. Victoria).

FOOD PHOTOGRAPHER requires girl to studio. Previous experience in food photography. Salary negotiable. Contact: Sue on 751 2259.

SECRETARIAL
SUCCESS BY DEGREES
£5,500
Research into education, draft letters and reports, prepare and submit to the public. This academic research is a very interesting and useful job. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

THE MIDDLESEX HOSPITAL
MEDICAL SCHOOL, W.1
DEPARTMENT OF PHYSIOLOGY
Required for Professor of Physiology. Good speech, shorthand typing and previous experience essential. Interesting and varied work. Salary £10,000 p.a. plus expenses. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

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To £3,000 + benefits—W1
For Planning Manager. Suit ambitious person. 24-4. A levels preferred. 01-589 9222. XP PERSONNEL AGY

AMERICAN BANK. A career path. Sec 22-35 sh and/or audio in many practice. Package will depend on 6-month appointment.

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£6,500 + 4 wks. hols.
Experienced 30+ with good sh/ty. Skills and telephone manner. Incl. tele. exp. and a flexible personality. By email and friendly City firm of stockbrokers.
For further details call Lorraine Hillman on 405 6045
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Experienced legal shorthand and audio secretary required for partner in small firm in Mayfair. £5,750 + LV's according to experience. 401 2299.

PERSONAL SECRETARY, £7,000 p.a. for a lady in the City. Must be experienced in typing and accounts. Please send CV to: 01-427 3103. Recruitment Consultants.

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ADVERTISING
£5,500 mss.
Discreet Director of W2 Agency is looking for a Secretary/Assistant to become responsible for the day-to-day running of the office. Must be a good typist, a good organizer and have a good knowledge of the advertising industry. Salary £5,500 p.a. plus expenses. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

NEW PRODUCTS
Two young Marketing Managers (25-30) leading a company with a good reputation. Looking for an experienced person with a good knowledge of the advertising industry and an outgoing personality. Salary £5,500 p.a. plus expenses. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

PUBLISHING
£4,500 mss.
Are you a young enthusiastic Secretary/Assistant to a career in publishing? If so, this is a terrific opportunity. You will be working in a dynamic and exciting environment. Salary £4,500 p.a. plus expenses. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

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Plenty of variety and lots of dealing with clients. The Director of this highly successful company will rely and depend upon you. Good salary and benefits. Good conditions and service in pleasant offices near Hyde Park Corner (10 mins. B.R. Victoria).

FOOD PHOTOGRAPHER requires girl to studio. Previous experience in food photography. Salary negotiable. Contact: Sue on 751 2259.

SECRETARIAL
SUCCESS BY DEGREES
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Research into education, draft letters and reports, prepare and submit to the public. This academic research is a very interesting and useful job. For you to run the office as a full-time secretary. The Managing Director's office. Your duties will help you develop new areas of the firm's vital help to achieve your goals. Hand and living with your degree qualifications. Interview at 222 0677.

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To £3,000 + benefits—W1
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Enormous potential in the video boom

The video revolution is not just good for the Japanese. Home video tape recorders are now the hardware behind a huge expansion in the highly developed British rental market.

So W. Greenwell's Mr. Keith Sykes has been looking into the sector in his circular Video: The Rental Concept for the year 1980. He concludes that video offers the greatest potential for the rental companies since colour television and estimates that they will be spending £150m annually on the sector by 1984, a two-thirds increase from present levels.

The profit impact from this is substantial since the fixed costs of the showrooms are already covered by the existing business.

Mr Sykes points out that in spite of the explosive growth that has already taken place, with up to 400,000 units imported last year, only 2 to 3 per cent of households have a video. He forecasts VTR placements rising from 500,000 this year to 1.2m in 1984. Even by then only 20 per cent of households would have a set.

The investment opportunities are divided into four areas: the hardware makers outside the United Kingdom, though a company such as BSR could be involved in the production of video disc machines; software makers such as ACC, Rased and Thorn EMI; software distributors such as intervention on the Unlisted Securities Market, and finally the distributors such as Dixons, Comet and Currys but with the main emphasis on Thorn, Granada, Electronic Rentals, Rediffusion and other renters.

37-page circular on Tunnel Holdings has come from Mr. Noel Hayes, analyst at L. Messel. His recommendation is a buy with forecasts of pretax profits rising from £10.5m last year to £13.1m this and £14.2m next taking fully taxed earnings a share up from 21.6p to 29.5p and pushing down the p/e ratio from 13.3 to 9.8 at a price of 288p.

Mr Hayes points out that Tunnel has been transformed in the last few years from a "lethargic highly geared cement company to an efficient, high-return-on-capital business with a rapidly expanding

speciality chemical division, a potentially lucrative waste disposal business and a rationalized but now highly profitable and cash-generating cement business".

Mr Roy Owens at Carr Sebag has been looking at Wearwell, the London clothing group. Again it is a company that has changed markedly in recent years. Now it is predominantly an exporter with 85 per cent of its sales going abroad and the remaining 15 per cent going to the bigger United Kingdom stores group.

MARKET REPORTS

No uplift in sight for tanker trade

With tanker rates losing ground last week, a number of shipowners are now being asked to consider again a question of jacking up their rates. Levels for VLCCs from the Gulf to the UK/Continent jumped back to world scale 24, the lowest yet seen this year. These poor values mean that there are not even covering shipping costs and with no real lift in sight for the market a point where it is more economic to lay up a vessel than to operate at a loss is being considered by several owners, especially if rates decline further.

certainly a withdrawal from the market of a sizeable volume of tonnage should help to bring rates to a level where they are not even covering shipping costs and with no real lift in sight for the market a point where it is more economic to lay up a vessel than to operate at a loss is being considered by several owners, especially if rates decline further.

Freight

In the Gulf a two-tier rate structure is emerging with the resumption of Iranian oil exports. West-bound VLCCs loading in the Arab-producing states secured between world 24 and world scale 28 last week, according to speed and destination, while Far Eastern bookings, such as to Japan, obtained a further 10-15% premium. In contrast a VLCC loaded at Iran's Kharg Island with 230,000 tons of crude for Japan was fixed at

David Robinson

Prices erratic amid continuing uncertainty

Market participants were hoping that the outlook for the international bond market would be clarified by President Reagan's state of the union message, and by the German central bank's decisions on credit policy writes AP-Dow Jones.

However, a sampling of European bankers' reactions, dealers and bond analysts indicates that there is as much uncertainty as ever about how markets will perform in the coming months.

As the result of uncertainty, prices of international dollar bonds moved erratically over the week to finish mixed. There was no price change on a build-up in offerings and short-term interest rates fell sharply. These developments normally would have provided the basis for a rally, dealers said.

Several specialists said that the huge size of the United States Treasury's demands on credit markets is still a big worry. In his first televised address to the nation earlier this month, President Reagan said: "The federal budget is out of control and we face runaway deficits of almost \$80,000m (£35,555m) for this budget year that ends on September 30."

In his state of the union message this week, the President managed to lop off \$25,500m from his original estimate of

Euromarkets

"It looks like there will be very heavy treasury borrowing in the second half of this year, at a time when private credit demands are likely to be high. Therefore the outlook for interest rates is not all that good," says Mr Alan Ormrod, an economist and bond analyst at Merrill Lynch International.

The German central bank took a step this week that will make deutsche mark interest rates more volatile and uncertain. The Bundesbank said that it will make credit available at varying interest rates and varying amounts through a special facility. It closed down a standard Lombard lending facility that allowed commercial banks to raise funds at 9.0 per cent by pledging securities.

Eurobond prices (yields and premiums)

STRAIGHT DEBT	Price YTM	CONVERTIBLE BONDS	Price YTM
100% US Govt 10/81-10/82	100.00 10.00	100% US Govt 10/81-10/82	100.00 10.00
100% US Govt 10/82-10/83	100.00 10.00	100% US Govt 10/82-10/83	100.00 10.00
100% US Govt 10/83-10/84	100.00 10.00	100% US Govt 10/83-10/84	100.00 10.00
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100% US Govt 10/14-10/15	100.00 10.00	100% US Govt 10/14-10/15	100.00 10.00
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100% US Govt 10/16-10/17	100.00 10.00	100% US Govt 10/16-10/17	100.00 10.00
100% US Govt 10/17-10/18	100.00 10.00	100% US Govt 10/17-10/18	100.00 10.00
100% US Govt 10/18-10/19	100.00 10.00	100% US Govt 10/18-10/19	100.00 10.00
100% US Govt 10/19-10/20	100.00 10.00	100% US Govt 10/19-10/20	100.00 10.00
100% US Govt 10/20-10/21	100.00 10.00	100% US Govt 10/20-10/21	100.00 10.00
100% US Govt 10/21-10/22	100.00 10.00	100% US Govt 10/21-10/22	100.00 10.00
100% US Govt 10/22-10/23	100.00 10.00	100% US Govt 10/22-10/23	100.00 10.00
100% US Govt 10/23-10/24	100.00 10.00	100% US Govt 10/23-10/24	100.00 10.00
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100% US Govt 10/25-10/26	100.00 10.00	100% US Govt 10/25-10/26	100.00 10.00
100% US Govt 10/26-10/27	100.00 10.00	100% US Govt 10/26-10/27	100.00 10.00
100% US Govt 10/27-10/28	100.00 10.00	100% US Govt 10/27-10/28	100.00 10.00
100% US Govt 10/28-10/29	100.00 10.00	100% US Govt 10/28-10/29	100.00 10.00
100% US Govt 10/29-10/30	100.00 10.00	100% US Govt 10/29-10/30	100.00 10.00
100% US Govt 10/30-10/31	100.00 10.00	100% US Govt 10/30-10/31	100.00 10.00

Consequences of 1980 silver fiasco continue to reverberate

It may not be marked in your diary, but a year has passed since the great silver show starting the Hunt brothers and a supporting cast of silver bulls grabbed our attention. In February 1980 we were halfway between the January boom which took silver to \$50 an ounce and the March bust which brought the metal crashing back to \$14. The bankruptcies and the turmoil are history.

But the consequences rumble on. Whether or not one believes that Mr Nelson Bunker Hunt and his Arab friends did try a good old-fashioned squeeze on silver, they certainly left many people with the abiding impression that the market should be treated with respect. At the very least, some traders feel that market sentiment is more cautious about going long and short—highly because it could tempt anybody locked in at a high price to sell and short because that was how the savage squeeze was applied a year ago.

This legacy will take a long time to erase. It is reinforced by the fact that the significant statistic here is that while mine output fell from 270m ounces to 255m American production was 32m ounces, down 16 per cent, it lowest since 1976. Supply from secondary sources soared by 10m ounces to 143m. Secondary sources is a dull term for bangles, or the silver trinkets on most mantelpieces.

As this huge board flooded out last year, the inherent instability of the silver market was widely appreciated. It was a crucial factor in the Hunt's undoing. The primary deficit—consumption, less mine production—fell sharply from 178m ounces in 1979 to 101m ounces last year, another 10-year low. By the same token, the industrial and coin consumption resulted in a huge addition of 123m ounces to private stocks. In every year over the past decade except 1973 private stocks have shrunk.

Most of these changes were a function of prices. In 1972 the average silver price was \$1.68 an ounce, rising steadily to \$5.40 in 1978. But the following year it leapt to \$11.09, and in 1980 it approximately doubled again to \$20.51.

Commodities

All precious metals have been held back by high interest rates, a lessening of international tensions and simple profit taking after last year's boom. Unlike gold, however, silver has also been heavily affected by a relative increase in supply. According to Handy and Harman, the American silver market is expected to be 20 per cent last year, from 448m ounces in 1979 to 356m. This is, in fact, the lowest figure for more than 10 years.

At the same time, supply rose by 16 per cent from 413m ounces to 479m. The significant statistic here is that while mine output fell from 270m ounces to 255m American production was 32m ounces, down 16 per cent, it lowest since 1976. Supply from secondary sources soared by 10m ounces to 143m. Secondary sources is a dull term for bangles, or the silver trinkets on most mantelpieces.

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Not only was silver enticed out of private savings and redistributed into other, richer hands, but mine development also accelerated. The silver by-product of base metal mines—which constitutes about 60 per cent of mined silver—became more important as base metal prices simultaneously declined.

It is now estimated by the London commodity dealers Rayner Harwell that about 45m ounces will be added to mine capacity by 1983. Depending on how silver prices move, new mines could grow faster. Silver mine production is forecast to expand by 80m ounces between now and 1988, an increase of almost a third over last year.

No wonder, then, that leading commodity firms, such as the American Shearson Loeb Rhoades, are predicting another silver surplus in 1981, barring a winter drought. It is unlikely at the moment. Some dealers see about 500p in London and \$11 in New York as the support for the price, although nobody would place too much money on it. The real difficulty will come if the close correlation with gold is broken. It is certainly a very different world from a year ago.

Strategic Metals have not taken off in quite the way that their supporters hoped a few months back, but if they retain faith some are looking very cheap.

Cadmium is a case in point. This rather rare metal is a zinc by-product, of which 1.5-6 kilograms are produced for every ton of zinc recovered. Available reserves are put at 1.25m tonnes.

The metal is used in plating, coating and alloying, and compounds are employed in pigments, plastics and in small batteries, used in calculators. Batteries are expected to be a growing application in the 1980s.

Despite these hopes, cadmium's price fell last year from about \$3.10 a pound to around \$1.70. A favoured explanation was a surplus common with other strategic metals, which is vulnerable to marginal changes in industrial demand. Merchants' stocks therefore accumulated.

Michael Prest
Commodities Correspondent

Weekly list of fixed interest stocks

Stock	Price	Yield	Dividend
100% US Govt 10/81-10/82	100.00	10.00	10.00
100% US Govt 10/82-10/83	100.00	10.00	10.00
100% US Govt 10/83-10/84	100.00	10.00	10.00
100% US Govt 10/84-10/85	100.00	10.00	10.00
100% US Govt 10/85-10/86	100.00	10.00	10.00
100% US Govt 10/86-10/87	100.00	10.00	10.00
100% US Govt 10/87-10/88	100.00	10.00	10.00
100% US Govt 10/88-10/89	100.00	10.00	10.00
100% US Govt 10/89-10/90	100.00	10.00	10.00
100% US Govt 10/90-10/91	100.00	10.00	10.00
100% US Govt 10/91-10/92	100.00	10.00	10.00
100% US Govt 10/92-10/93	100.00	10.00	10.00
100% US Govt 10/93-10/94	100.00	10.00	10.00
100% US Govt 10/94-10/95	100.00	10.00	10.00
100% US Govt 10/95-10/96	100.00	10.00	10.00
100% US Govt 10/96-10/97	100.00	10.00	10.00
100% US Govt 10/97-10/98	100.00	10.00	10.00
100% US Govt 10/98-10/99	100.00	10.00	10.00
100% US Govt 10/99-10/00	100.00	10.00	10.00
100% US Govt 10/00-10/01	100.00	10.00	10.00
100% US Govt 10/01-10/02	100.00	10.00	10.00
100% US Govt 10/02-10/03	100.00	10.00	10.00
100% US Govt 10/03-10/04	100.00	10.00	10.00
100% US Govt 10/04-10/05	100.00	10.00	10.00
100% US Govt 10/05-10/06	100.00	10.00	10.00
100% US Govt 10/06-10/07	100.00	10.00	10.00
100% US Govt 10/07-10/08	100.00	10.00	10.00
100% US Govt 10/08-10/09	100.00	10.00	10.00
100% US Govt 10/09-10/10	100.00	10.00	10.00
100% US Govt 10/10-10/11	100.00	10.00	10.00
100% US Govt 10/11-10/12	100.00	10.00	10.00
100% US Govt 10/12-10/13	100.00	10.00	10.00
100% US Govt 10/13-10/14	100.00	10.00	10.00
100% US Govt 10/14-10/15	100.00	10.00	10.00
100% US Govt 10/15-10/16	100.00	10.00	10.00
100% US Govt 10/16-10/17	100.00	10.00	10.00
100% US Govt 10/17-10/18	100.00	10.00	10.00
100% US Govt 10/18-10/19	100.00	10.00	10.00
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100% US Govt 10/28-10/29	100.00	10.00	10.00
100% US Govt 10/29-10/30	100.00	10.00	10.00
100% US Govt 10/30-10/31	100.00	10.00	10.00

Unit Trust Prices—change on the week FT Index change on week 483.4 -4.8 (1.0%)

Unit Trust	Price	Yield	Dividend
100% US Govt 10/81-10/82	100.00	10.00	10.00
100% US Govt 10/82-10/83	100.00	10.00	10.00
100% US Govt 10/83-10/84	100.00	10.00	10.00
100% US Govt 10/84-10/85	100.00	10.00	10.00
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100% US Govt 10/91-10/92	100.00	10.00	10.00
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100% US Govt 10/93-10/94	100.00	10.00	10.00
100% US Govt 10/94-10/95	100.00	10.00	10.00
100% US Govt 10/95-10/96	100.00	10.00	10.00
100% US Govt 10/96-10/97	100.00	10.00	10.00
100% US Govt 10/97-10/98	100.00	10.00	10.00
100% US Govt 10/98-10/99	100.00	10.00	10.00
100% US Govt 10/99-10/00	100.00	10.00	10.00
100% US Govt 10/00-10/01	100.00	10.00	10.00
100% US Govt 10/01-10/02	100.00	10.00	10.00
100% US Govt 10/02-10/03	100.00	10.00	10.00
100% US Govt 10/03-10/04	100.00	10.00	10.00
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100% US Govt 10/07-10/08	100.00	10.00	10.00
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100% US Govt 10/09-10/10	100.00	10.00	10.00
100% US Govt 10/10-10/11	100.00	10.00	10.00
100% US Govt 10/11-10/12	100.00	10.00	10.00
100% US Govt 10/12-10/13	100.00	10.00	10.00
100% US Govt 10/13-10/14	100.00	10.00	10.00
100% US Govt 10/14-10/15	100.00	10.00	10.00
100% US Govt 10/15-10/16	100.00	10.00	10.00

Capitalization and week's change

§ Forward bargains are permitted on two previous days

(Current market price multiplied by the number of shares in issue for the stock quoted)

[illegible]

Commercial property

Making full use of the available land

Schemes to make the maximum use of land are very much part of the property market in these economy-conscious days. One such plan just announced is on an industrial estate in Letchworth Garden City, Hertfordshire, where Hunting Gate Developments are planning to develop the premises of J. M. Dent, publishers in Works Road, for a re-appraisal by Dent of its future requirements. The scheme is intended to provide about 100,000 sq ft of warehouse on a site of five acres. It will comprise an existing office and warehouse building of 34,500 sq ft which is to be retained by Dent under a sale and leaseback arrangement. After demolition of the buildings, phase one of the

redevelopment will comprise a new warehouse for Dent. The second phase will consist of light industrial and warehouse space, which is also intended for use by Dent. When complete, the scheme will have a total value of nearly £3.5m. Work on the site, which has been occupied by Dent since the foundation of the garden city in 1906, is expected to start soon, completing the first phase in 12 months and the second soon after.

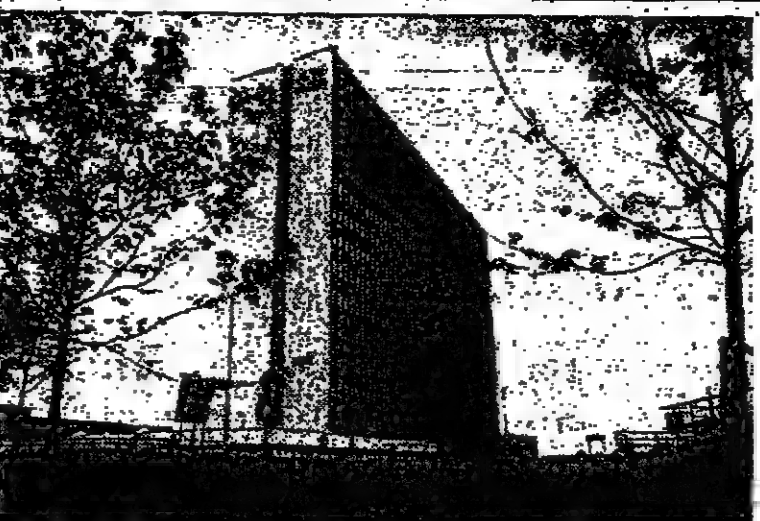
In a large scheme to be available for letting, Dimsdale Developments (South East) in partnership with the Lilley Group are to carry out an industrial scheme worth some £3.5m in Aldershot. The developers have acquired the freehold interest in the Buxted poultry factory in Deadbrook Lane and have obtained planning permission for 76,000 sq ft of industrial and warehouse space on the site, which covers about 4½ acres. Construction is to start next month and units of between 7,000 sq ft and 9,600 sq ft will be ready for occupation in the spring of 1982.

This is the second scheme to be announced by Dimsdale this year. The other is in Hertford, where the company is carrying out a film scheme of central redevelopment.

Smaller units are available on a scheme just being completed by Abbey Properties on a site of one acre near the middle of Blechley, Milton Keynes. The scheme provides light industrial or warehouse units ranging between 1,750 sq ft and 4,400 sq ft, which are being offered at rents slightly over £3 a sq ft.

Letting is through Ernest Owers, Buckell and Ballard (London office), and Brown and Mery.

In the London area, marketing has started on the 104,000 sq ft industrial and warehouse scheme, the Thomas Road industrial park in E14, being carried out by Asda Securities. Richard Ellis, the letting agents, are looking for rents from £3.25 a sq ft.



3M House, Bracknell, Berkshire, acquired by Airways Pension Fund Trustees, previously the head lessee, for about £3.5m.

older five-storey industrial building of 220,000 sq ft was demolished soon after, and construction work on the scheme began last spring. Richard Ellis also advised on the purchase.

On the south coast, IDC Property Investments have let the entire first phase of their Portland Industrial Estate, in Portland Road, Hove, Sussex. This comprises some 18,388 sq ft of warehousing and has been

letting agents are Edward Erdman, and Siles Horton Ledger, of Brighton.

As part of its sale of assets programme, Bracknell Development Corporation has completed the freehold sale to Airways Pension Fund Trustees of 3M House in Bracknell, Berkshire. The 14-storey building is close to the town centre and comprises 115,000 sq ft net of air-conditioned offices, a covered retail market and an adjacent multi-storey car park.

The fund was previously the head lessee, having provided the finance in 1973-74 for the development when the offices were let to 3M United Kingdom. It is understood that the purchase price was of the order of £3.5m. Hillier Parker May and Kowden acted for the Bracknell Development Corporation.

New offices are planned in Chelmsford, where the Old Bakery in Railway Street, adjoining Chelmsford railway station, has been acquired by Crossman Development Company. A total redevelopment is intended to provide a self-contained building of some 5,500 sq ft net of offices, together with on-site parking. Work is due to start shortly for completion early next year.

Lesters of Chelmsford, acted for unnamed vendors in the sale of the freehold, and the property was introduced and acquired by Baitrow Evans, who have been retained as letting agents.

The National Union of Public Employees, through Anthony Brown Stewart, has negotiated from the London Borough of Greenwich, a peppercorn leasehold interest of 125 years on a site of some two-thirds of an acre in John Wilson Street, Woolwich. NUPE has obtained detailed planning consent for the construction of a new five-storey headquarters building with a gross area of some 30,000 sq ft. The building contract of £2.5m has gone to Walter Lawrence and Son, and the architects are the Carpenter Farrer Partnership. The new building is expected to be ready by the summer of 1982.

M. P. Kent, of Bristol, has exchanged contracts with a wholly-owned subsidiary of Reed International to buy for £2.4m a vacant property at 6-10 Norwich Street, near Holborn Circus, London EC4. Planning permission has been obtained for a new office block of some 39,750 sq ft gross. Construction is due to start late this year for completion in 18 months.

Gerald Ely

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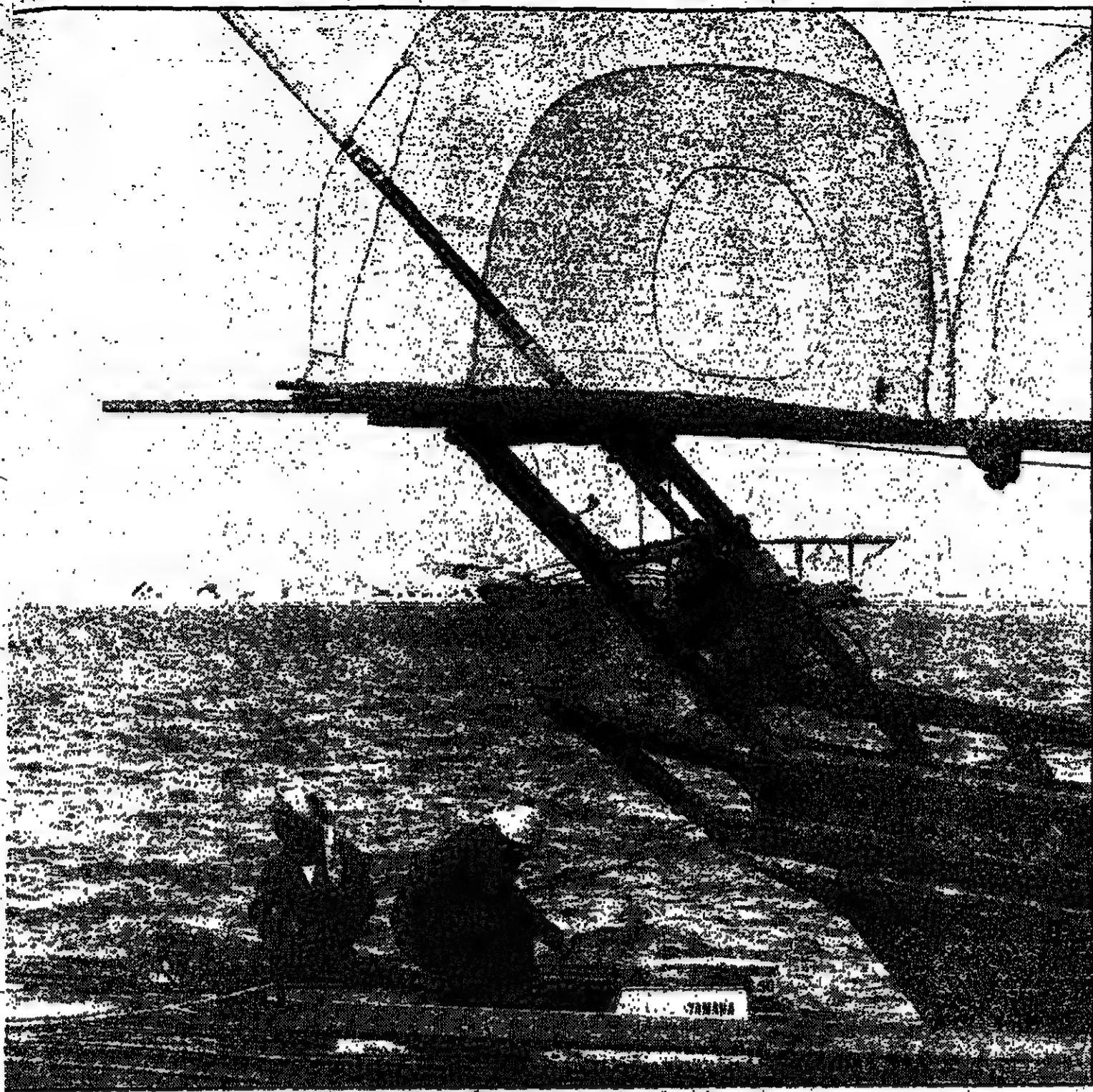
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UNITED ARAB EMIRATES



On other pages

The past 10 years: a brief history of the emirates. Map
Foreign relations: moderate policies in the Middle East.
Economy: financial planning replaces old stop-go attitudes.
Oil: exciting new period of growth. Gas: biggest reserves in area.
Banking and agriculture
Heavy industry and light industry
Construction and communications
Anglo-UAE relations: trade
Education: development levelling out. Health: priorities change
Tourism: the country's attractions and plans to market them
Doing business in the UAE: guidance for newcomers
Expatriate life, and recent books on the region
Architecture: where styles change faster
Defence: obstacles to total integration. The UAE press
A look at the seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Umm al Qaywayn, Ras al Khaymah

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"The old state of things cannot continue there", said a disconsolate British Prime Minister, Clement Attlee, in 1946, "but we cannot withdraw and leave a vacuum". When the British finally did pull out in 1971, leaving the Trucial States to form loosely into a federation of first six, later seven, emirates, it was not without misgivings, writes David Hewson.

Few who were close to the withdrawal thought that the emirates possessed the political will towards integration which would be necessary to enable the new country to forge an independent path through what had been a turbulent region since the turn of the century. The seven were too diverse: there was Dubai, an archetypal entrepot economy, worldly wise, cosmopolitan and as ready to earn a living on trade as on oil, and Abu Dhabi, introverted yet the most powerful and, through its oil reserves, destined to become the most wealthy.

Then there was Sharjah, third most wealthy and home of a radical Arab tradition, which regarded the West and colonialism with a deep, though not hostile suspicion; and the four less-developed emirates, Ras al Khaymah, Umm al Qaywayn, Fujairah, and Ajman, all of them entering the new federation without so much as a proper road system to link them to their more powerful neighbours.

In 1971, the casual observer searching for long-term stability in the Middle East might have been more tempted to look elsewhere, across the Gulf, to the giant neighbour of Iran where, it seemed, a strong and stable regime sat comfortably with the open support of the West.

Hindsight is one of the Gulf's more precise sciences, but few would now claim to have foreseen the emergence of the United Arab Emirates into what it now represents: with Bahrain, the most stable

more than once, come close to a defection from the UAE ranks. Abu Dhabi was the leading proponent of the UAE from the outset and is the centre for most of its federal offices. Its economy, purely in terms of size of oil revenue, dwarfs those of both Dubai and Sharjah.

Yet in the face of these odds the federation has not only survived but prospered and moved towards integrating many important governmental areas between the emirates, establishing federal water, agricultural, and defence policies, forming a central bank and creating an educated federal civil service which, while occasionally bowing to local pressures, seeks to work for the whole of the UAE and not just one part of it.

As if to cement the trend, the Ruler of Dubai, Sheikh Rashid, took up the mantle of Prime Minister last July, balancing the Abu Dhabi majority within the Government, and, perhaps as important, giving notice that Dubai, for the time being, is a full and active member of the federation.

Could any of the seven secede? Dubai perhaps, before Sheikh Rashid's appointment. It has the money and the governmental service, but such a move is now thought to be highly unlikely. Abu Dhabi, as the founding force of the federation, is unlikely to abandon something which it had such a large role in creating. And the remaining five are likely to stay cast in the role of poor country cousins for some time to come. To leave would only be to break off relations with wealthy and generous relatives.

In addition to such motives, there is the real problem of leaving what has, until now, been a safe and successful sanctuary in a part of the world where security has been an aspiration rather than a fact.

Economically the UAE has prospered to the point where its oil production levels have more to do with Western energy needs than an Arab desire for revenue. Dirt tracks have been replaced by fine modern roads; social services have been introduced which offer free medi-

cal care for all, even those who are not UAE nationals; native industries have been supported with subsidies; and the federal Government has set itself targets on bringing electricity, medicine and education to its most remote citizens.

Work is under way to diversify the country's industrial base to provide wealth for that far-off day when the oil runs out. It is likely to be well into the next century. At current exploitation levels, the UAE's reserves will run for about 35 years, and newly explored reserves are expected to prove viable which could take the UAE well beyond then.

There is no real religious division to separate the emirates; the question of succession is always a difficult one, particularly in Abu Dhabi where there are two families which could compete for the rulership, but it is not thought to be one which poses any great difficulties for the federation's future.

And yet there is a clear sense of concern within the leadership over and beyond that which might be expected to stem simply from the geographical situation of the country. Within the federal Government, this concern is being channelled into growing talk of the problems of immigration, and it is not difficult to see why.

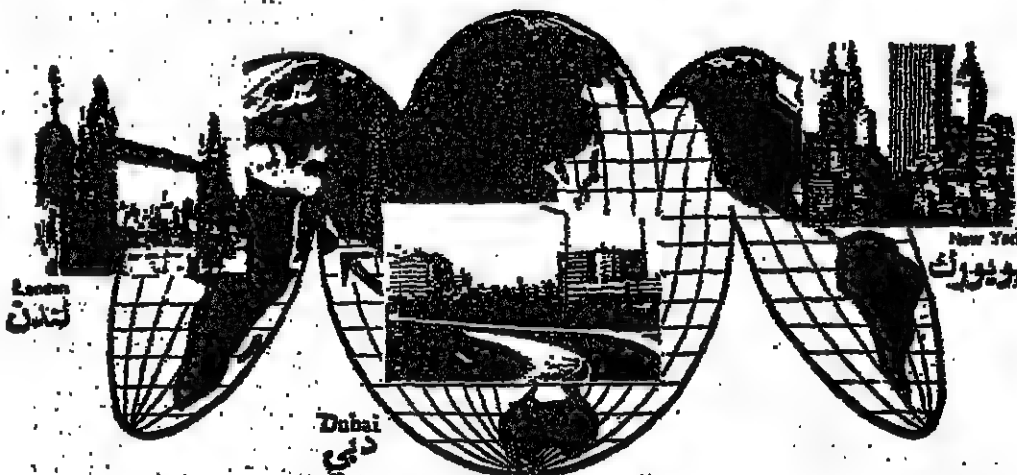
In 1968 the population of the emirates which now make up the UAE was about 180,000, 90 per cent of it local. What the equivalent is today has not yet been made public since the federal Government has so far declined to release the findings of its latest census.

Reliable sources indicate however that, while the local population has stayed fairly stable in size, the vast boom in immigration has led to their proportion of the overall population being whittled down to about 15 per cent. This becomes even more dramatic when one takes into account the fact that more than half of that 15 per cent consists of women and children, neither of whom take an active role in running the country, and that there is a large rural population.

continued on page IV

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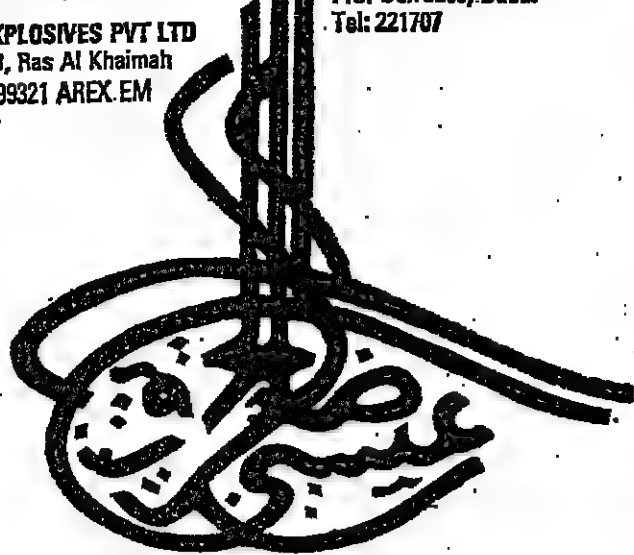
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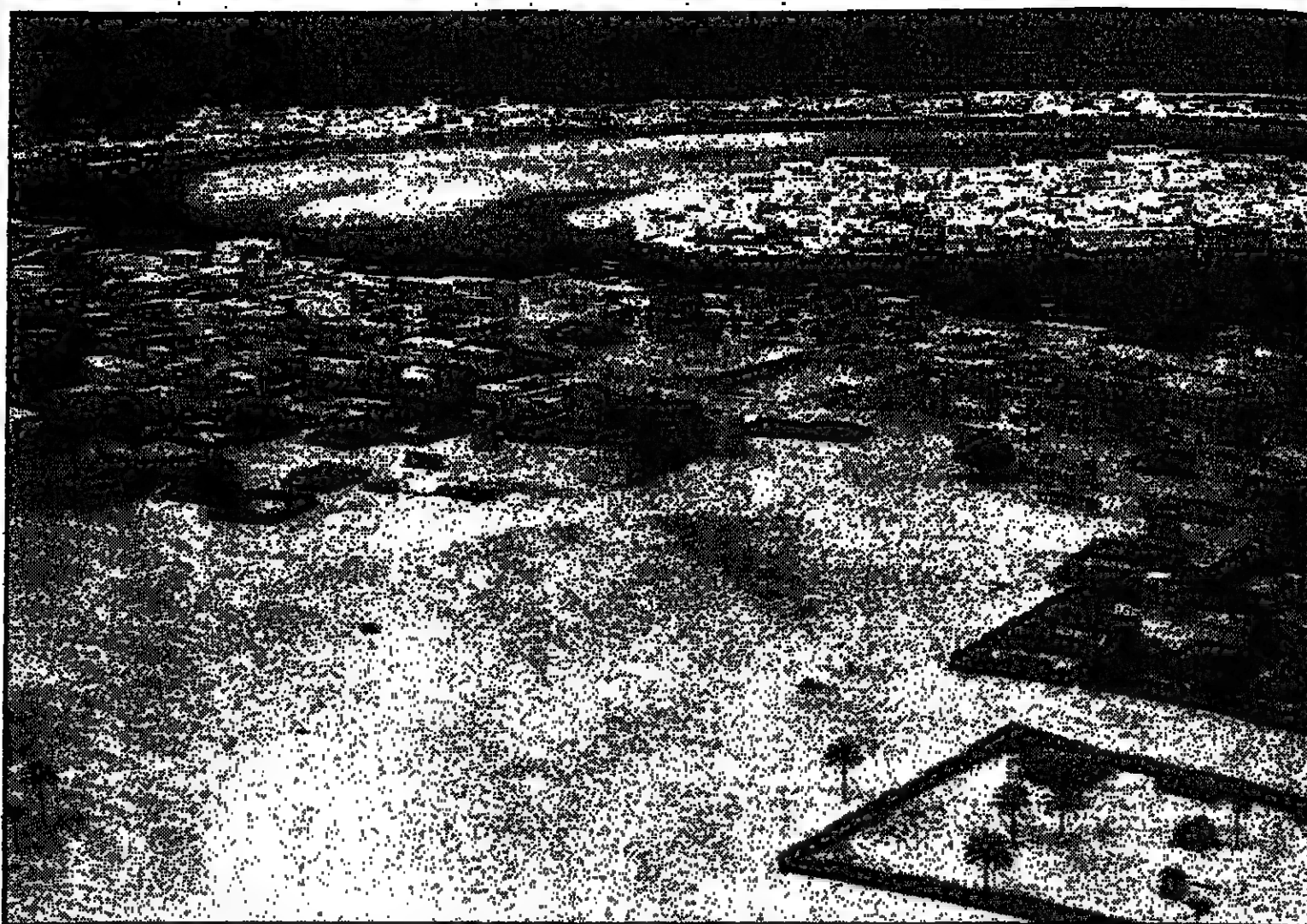
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Penelope Turing looks at the first decade

Initial doubts seen to be unfounded



Ten years is a short time in the history of the northern shores of Arabia where millennia have passed leaving little mark.

Prehistoric man and ancient cultures have dwelt there and archaeologists and historians are piecing together some of their story. But for the most part the sands of time and of the desert have overlaid them.

When the United Arab Emirates was founded at the end of 1971 a number of people, among them some who knew and loved these small states well, thought this confederation would not last. Now, as the federation's first

decade is almost completed, perhaps the best measure of its success is that these same people can say with pleasure that their doubts were unfounded.

International observers can judge a state by its economic and political power. Those who establish their lives in a country and in communion with its people are better able to know its inner health.

There was the background of the Trucial States Council, but the real beginning of the UAE came in February, 1968, when Shaikh Zayed of Abu Dhabi and Shaikh Rashid of Dubai met on the border of their two states and decided to merge their emirates into a federation which others would be invited to join.

By the end of that month seven other rulers had signed an agreement in principle to join the federation—those of Sharjah, Ajman, Ras al Khaimah, Umm al Qaywayn, Fujairah, and also Bahrain and Qatar.

If that early stage was followed by three years of exhaustive discussion, the gestation of the new state, during which both Bahrain and Qatar withdrew, preferring to test their futures independently, though many close links have remained.

In July, 1971, agreement was reached among the rulers of six emirates—Ras al Khaimah was to join later—and gave their approval for the provisional constitution of the United Arab Emirates. This was announced on December 2, 1971.

It was the prime factor which brought the new state to birth. It forced these small countries and their peoples into a world relationship. It has brought great wealth and with that both enormous possibilities and no less great responsibilities. Contrary to a superficial Western view ostentation and luxury are wholly foreign to the true Islamic way of life.

It is probable that it was the dangers of their new heritage quite as much as the opportunities for development which drew together those who held responsibility for their people. Many who talk at leisure with thoughtful Arabs of this region know.

how often they regret the inescapable golden burden of oil.

But they have been quick to grasp its value and to use it wisely for the welfare of their own small indigenous population. They have instituted free and up-to-date health and education services with the most advanced equipment that can be adapted to their needs, and hired experts and workers in the world markets to carry out the work.

Roads have been built, probably as much to unify the member states as to facilitate their modern development. Housing, airports and airports have been built, extended and adapted to growing needs.

All this has come gradually. At the end of the first two years the central Government was taking over much of the administration, from former regional authorities. A unified postal service had been established, and UAE stamps and currency issued. It was committed to extensive aid programmes to poorer Arab states. Tourism was already under discussion, though that is one side of development which is only now becoming practicable.

By 1976 the picture was unfolding and a unified UAE character emerging. One aspect was generosity in a responsible form. In 1975 more than a quarter of the federation's gross national income was spent on direct foreign aid, not only to Arab states but also to countries in Asia and Africa.

The country had taken its place firmly in the arena of Middle East politics, giving full support, both moral and material, to the Palestinian people, being an active member of the Arab League and working for fuller cooperation in The Gulf. This was after overcoming a period of differences with Saudi Arabia.

Alongside this world role remained much of the simple directness of the traditional Arab way of life, with citizens free to take a problem directly to the Ruler's majlis and tell him about it naturally and in a personal way. This in a country which then had the highest per capita income in the world of \$22,060.

Since then the whole operation has gathered momentum and strength. The most important part of

transforming small desert communities into a country with big angular modern cities, huge plant, advanced communications services, thriving commerce has been realized. And at the heart of it is something which prompts a long-term resident to say that the country's way of life is not only internally better off but more comfortable in a philosophical sense.

It may be true to say that though oil has been the deciding factor in the emergence of the UAE as a world state it is people with their needs and problems which have created the special character of the country, the blending of a diversity of peoples.

At the centre is a small number of indigenous Arabs of the region, led by their traditional rulers. Their numbers are tiny in comparison with, for example, Egypt, or many far less influential European lands, above all in relation to the teeming inhabitants of the Indian subcontinent. The UAE's population is about a million, but a big part of this number is made up of expatriates.

These highly individualistic tribal Arabs of the Gulf have drawn into their country vast numbers of workers from Pakistan and India, expert advisers, designers, contractors from Britain, America, France and a number of other countries, and more experts and administrators from other Arab lands—Jordanians, Palestinians, Lebanese, Egyptians, Syrians. This is the amalgam which constitutes the million inhabitants.

The mixture is too recent and the parts too diverse in their ways of life, experience and cultural background to make feasible any democratic government in the popular Western sense. The state will stand or fall by its leadership.

This has always been the pattern of nomadic Arab life from which the indigenous people of the emirates spring. Their power and their conquests depended not on numbers but on strategy and tactics carried out by strong leaders supported by loyal followers, and at its best this succeeded not by a rule of fear but by the combination of wisdom and authority on one side and trust on the other. Probably the most important quality in those bred to lead was a deep and shrewd gift in the judgment of character.

In 1950 the buildings in Dubai are traditional...

Readers of many of the UAE's official publications find in the opening pages two portraits facing each other: one the handsome equine features of Shaikh Zayed bin Sultan al-Nahyan, Ruler of Abu Dhabi and President of the UAE from its foundation, the other the older, more humorous face of Shaikh Rashid bin Salim al-Maktoum, Ruler of Dubai and Vice-President of the federation, also since its beginning. In April 30, 1979, Shaikh Rashid was appointed the UAE's Prime Minister also, and it is significant that two months later the first cabinet of ministers was formed.

It is these two men who have led the young federation through the problems of the initial years to the present stability. They are highly contrasted personalities, and, as one resident remarked, in 1947 they were fighting each other with camel corps, but it may be the very difference of the two men that has strengthened the country. Rumour sometimes attempts to capitalize on these differences, but there are deeper ties, not always known to the outsider.

There are two ancient tribal and religious confederations in this part of Arabia. Shaikh Zayed and Shaikh Rashid by hereditary belong to one of these, and the ruling houses of the remaining five states of the UAE are associated with the other.

Shaikh Zayed has a reputation for his diplomatic gifts going back to his early relations with the British. He has travelled widely in Europe and among the Arab capitals, and he has a real and active concern for the betterment of his people. It is in great measure because of his unerring efforts that the UAE became a fact rather than a mirage.

Shaikh Rashid is not fond of courts and ceremonial. A devout Muslim, his way of living is as simple as is comparable with the dignity of Ruler. He has a rare perception of human nature, a gift for finding the right man for a key post then trusting him to fulfil it.

... now, 30 years on, tall blocks of flats and offices line Dubai Creek.

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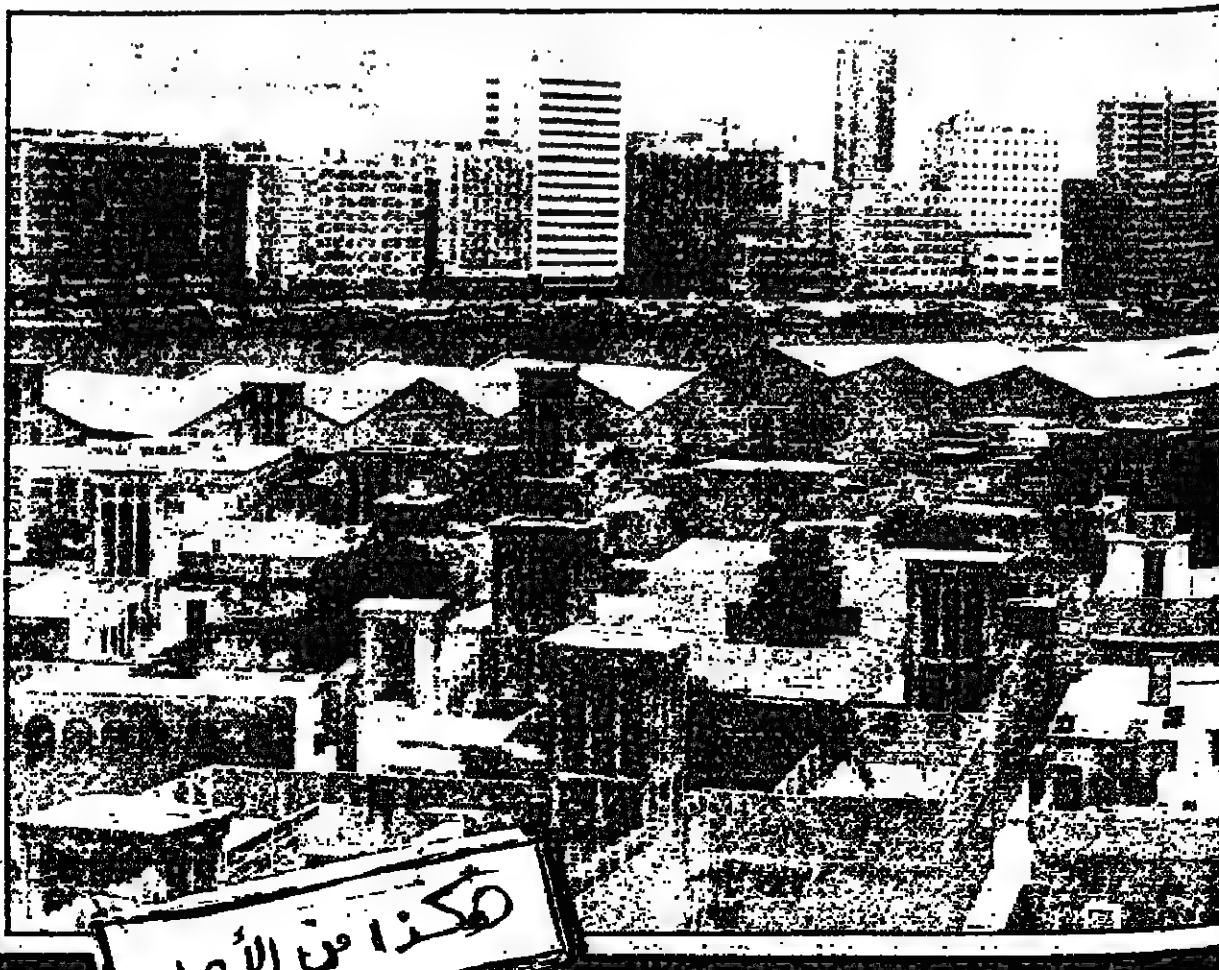
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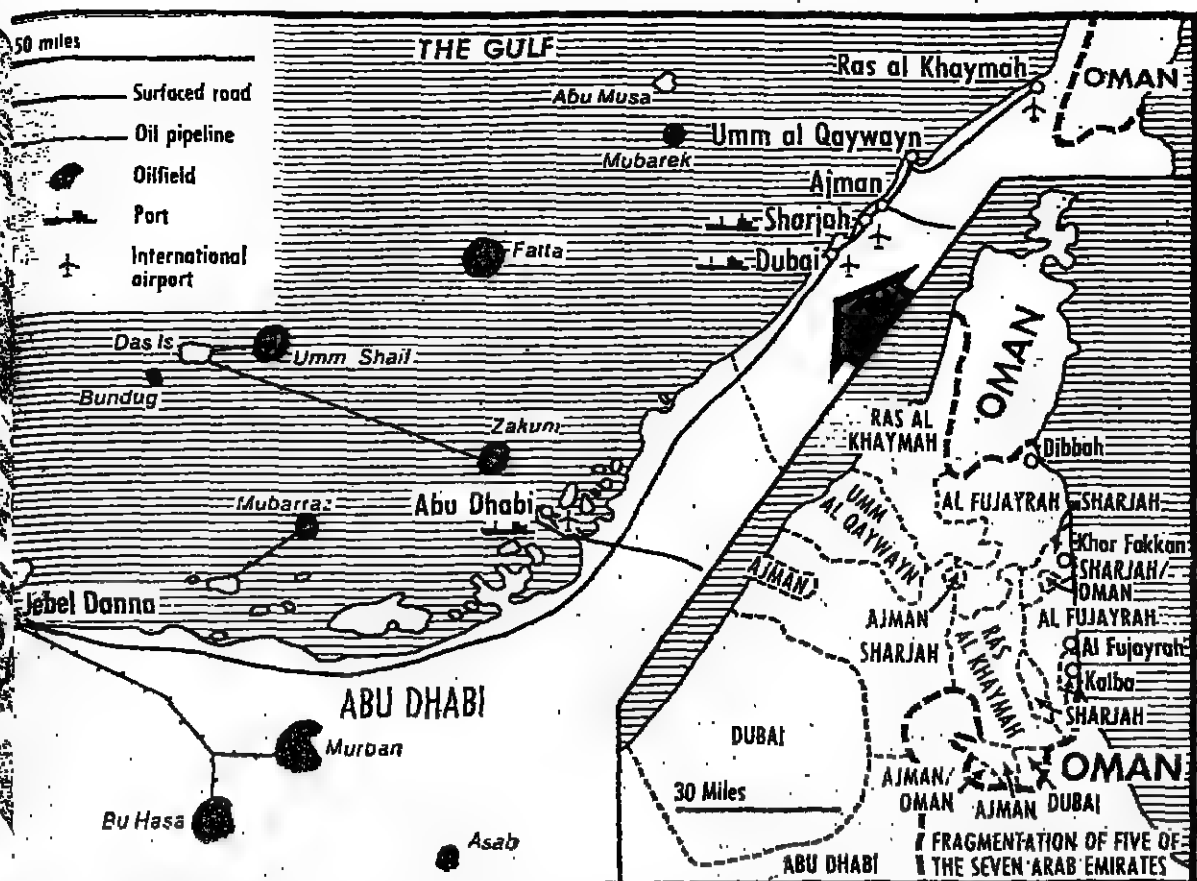
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Foreign policy

Neutral line steered through political minefield



UAE played a custom- low key role in last the Islamic summit in Saudi Arabia. The erence, which was led by leaders of 42 ic countries, was inated by the question alestine, with the Saudi nian delegation calling a jihad, or holy war, st the Israelis.

ne fact that the delega- then went on to rede- the term into some- z less than actual mobi- ion is to some extent a ure of compromise Gulf states such as the : which, while opposing it sees as the Israeli- tion of Palestine, still s out hopes for a poli- solution.

ie foreign policy of the res has been tradi- uly moderate and cau- t, seeking to steer a al Islamic line through minefield of Middle- ern politics. The federa- has studiously striven emain impartial in the- from the Russian invasion- Iran conflict. Emo-

tionally, the support would probably lie on the side of Iraq, but a strong sense of pragmatism has curtailed any public pronouncement of such views. Dubai has a large Iranian population, but it consists mostly of middle-class traders with little love of the Khomeini Government.

The war did have serious consequences for shipping movements in The Gulf which, initially, almost stopped show trade out of Dubai, mainly into Iran, but this has picked up, though not in its former level.

The most serious implications of the Iran-Iraq war for the UAE and other Gulf states lie in further deterioration of the stability of an already unstable region. The federation itself has little worry about internal disruption but fears that it and its neighbours could fall victim to outside interference. This fear of superpower intervention dates from the Russian invasion of Afghanistan and was har-

dened by the warning of the former President, Mr Carter, that he would use force if necessary to protect America's oil needs in The Gulf.

Of the two, the American attitude has proved the most politically damaging. The Gulf states have taken a pro-Western line for many years, complicated only by the issue of Israel, and long regarded Russian interference in the region as a possibility. The effect of Mr Carter's comments, in the eyes of many Gulf leaders, was to bring the United States down to the level of Russia—to the position of a superpower willing to intervene militarily in another country simply out of self-interest.

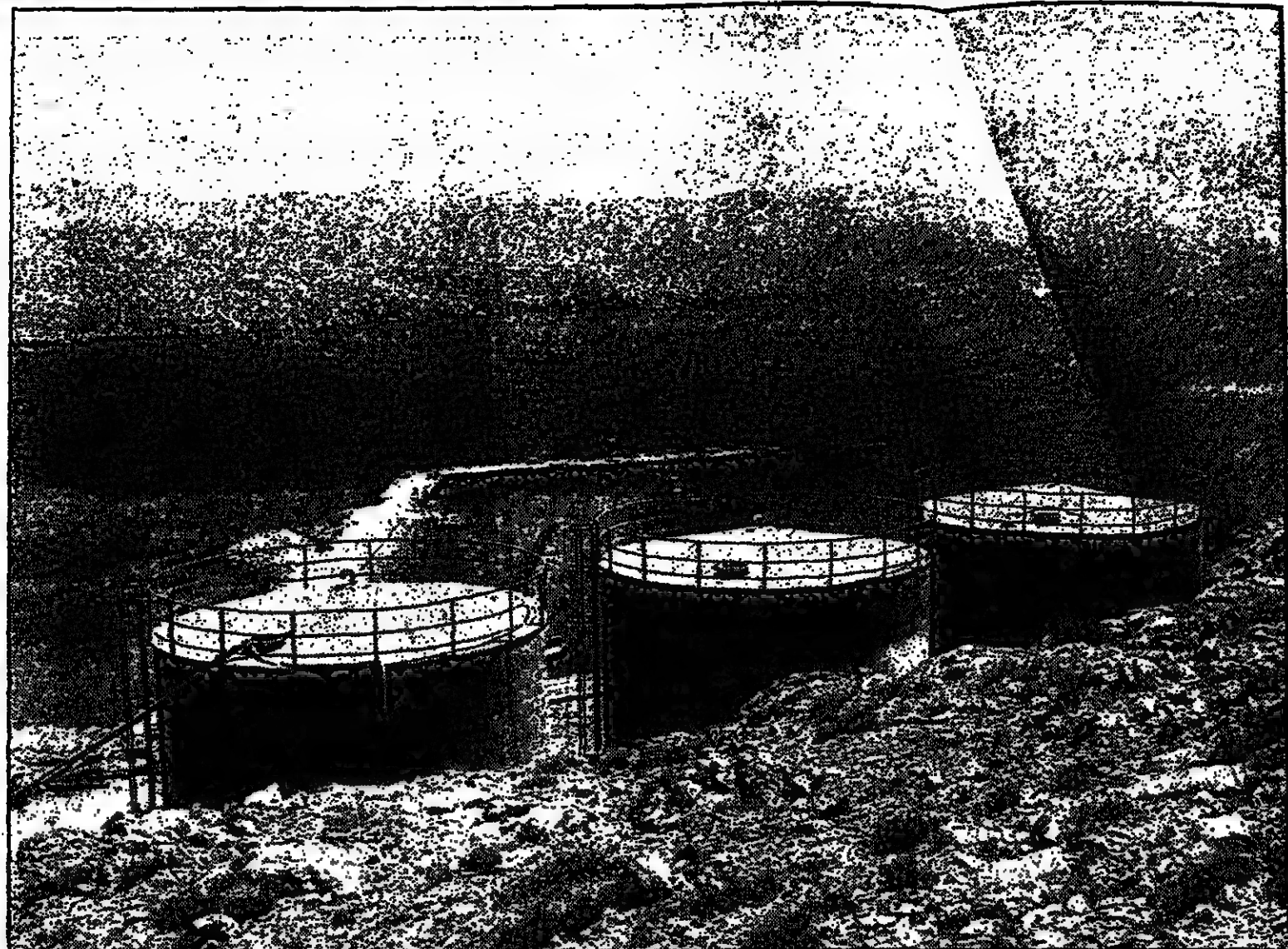
American talk of rapid deployment of forces on standby in The Gulf was interpreted as a threat, not against subversion, but against existing governments. One UAE official asked: "How could such forces be used, otherwise?"

They could not be used to stop a revolution, or they would have been used successfully in Iraq. Equally they are not the sort of forces which would be used against an insurgency movement.

There were signs while President Carter was in office that he was modifying his attitude towards The Gulf, propelled by the general dismay which it caused within Europe.

The stance of President Reagan's administration has yet to become clear, but from the initial comments which have been made it would not seem to promise well for Gulf relations. The President's outspoken support for Israel and his condemnation of the Palestine Liberation Organisation have been greeted with a familiar sense of foreboding and the usual flurry of newspaper editorials lambasting Zionist influence within the administration and the media.

At Taif, the UAE, with



ment over foreign policy. He has not yet been replaced, and is unlikely to be, although he maintains an important role in the UAE's foreign affairs stance.

Relations with Europe have strengthened with the EEC initiative on the Middle East, though those who are actively pursuing the Palestinian question—and they are by no means all of the Arab population of the UAE—have some reservations about whether the initiative will succeed.

A UAE federal official who is a Palestinian says: "If the European initiative works, then good. But we must not rely upon it to do everything for us; we have to have our own approach as well."

Links with neighbouring Gulf states are becoming closer, motivated more, perhaps, by self-interest than a cultural desire for unity. The fears of outside intervention in the region resulted in growing pres-

sure for Gulf cooperation on defence issues and other areas.

At Taif, the UAE, Saudi Arabia, Kuwait, Bahrain, Qatar, and Oman formed a new block to operate a policy of "collective co-operation". An outline of the plan contains five principles on security matters.

1. Collective security for the Gulf states can follow only if each individual state enjoys security and stability. If the security of one state is threatened, the collective security of all will be jeopardized and consequently the security of other countries in the region.
2. Collective security can be achieved only by Arab states responding to states under threat with help to combat local and imported sabotage and international terrorism.
3. Increased cooperation among police forces, including the strengthening of in-

formation exchange and the streamlining and coordination of action.

4. Cooperation to establish collective security denying international criminals and saboteurs access to Arab states.
5. Cooperation in any way to combat crime and to maintain security and stability.

In addition, the agreement will involve the coordination of armaments purchases, defence arrangements, and border disputes.

It is not the first time such a mutual scheme has been mooted. Oman and Iraq both put forward proposals in recent years which foundered, Oman proposing a scheme to ensure security of navigation in The Gulf and the Straits of Hormuz, and Iraq suggesting the creation of a Gulf security force.

The new pact does not impinge upon internal rights to arrange defence and security measures, but nevertheless it does indicate the growing desire for con-

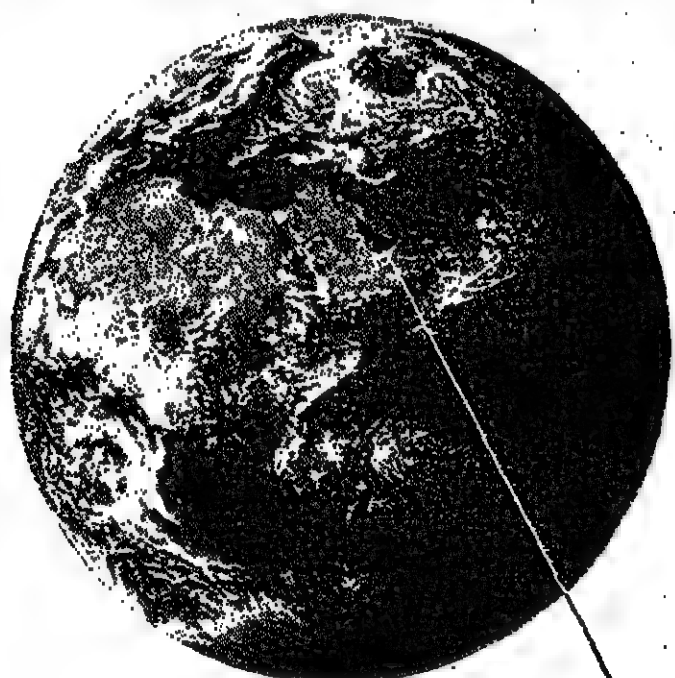
The new Omani naval base at Goat Island.

certed action to provide security and stability, based not upon the presence of Western forces, but the installation of a coordinated system of defence forces controlled by the Gulf states themselves.

From the point of view of the UAE, two obstacles had to be overcome in agreeing to the pact; the fear that Saudi Arabia might seek to dominate the agreement, and the approval by Oman of the Camp David agreement.

With these obstacles overcome, the way would be cleared for cooperation on other issues, the first of which might be the construction of a pipeline from the troubled waters of The Gulf across country to a terminal in Oman of the UAE emirate of Fujairah.

David Hewson



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New emphasis on planning

Like most Gulf states, the UAE is expected to show a marked upturn in economic activity during 1981. As in the past this will be seen in an expansion of industrial, construction and real estate which are now almost the only sectors touching the federation's installations and services.

What is likely to make this year different from previous ones is the attitude of the government officials controlling it. Proper financial planning is the strategy of the day in contrast to the stop-go attitude of the past which has resulted in some expensive white elephants.

Some federal officials are disarming frank about the fact that the governmental system has yet to acquire the necessary skills to carry out the task with the finesse they would like. But they are relieved that the growing federal government role has at least enabled the planning of key sectors of the economy to be conceived with the emirates as a whole in mind. Rivalries remain, but such mistakes as the duplication of industrial facilities, leading to emirates competing against each other unnecessarily, are not likely to be repeated.

The performance of the economy is likely to be an important factor in the federal Government's five-year plan to be published in June. Oil fires the UAE's revenues and is likely to do so for some years; but industrial diversification is much in the minds of the Ministry of Planning which already has its eyes 30 to 45 years forward, when the existing reserves run out (at present production levels).

The five-year plan will detail the federation's objec-

tives on diversification. It is also expected to call for the creation of new specialist state banks covering the funding of industry, agriculture and real estate which may be operating before the end of the year. Last December, the UAE Currency Board was transformed into a new Central Bank after two and a half years of discussion between the emirates. On paper it is quite a step forward in the continuing integration of the seven members.

The Central Bank retains the currency issue role and will supervise and regulate banks and banking practices through the federation. It will also take on a growing role as financial adviser to the Government.

An important change in the operation of the bank over the previous Currency Board is that it has been guaranteed a share of government income. The Government will make a permanent deposit with the bank of \$2,000m within two years which will keep rising at 10 per cent a year until it reaches \$4,000m. Additional requirements for the needs of the economy are also guaranteed by the Government.

Although it has not been published as part of the Central Bank's stated sources of finance, there is an understanding that Abu Dhabi and Dubai will transfer to the federal budget 50 per cent of their net oil revenue earnings. This would then be deposited in foreign exchange with the Central Bank which would credit the federal Government in UAE dirhams.

Like many of the steps in integration, this is much in the nature of an aspiration rather than a specific promise. Some oil revenues will

certainly reach the Central Bank from Abu Dhabi and Dubai but whether they will reach the level of 50 per cent of net earnings remains to be seen.

Last year total oil receipts of the country amounted to between \$18,000m and \$19,000m. The country's total imports account was \$8,500m, leaving a trade surplus of about \$10,000m. There are a large number of capital outflows because of the large expatriate community which sends remittances to its various homes and the open economy which allows free speculation on overseas markets.

Taking these into account, the federation's overall investment surplus last year, after capital outflows, expenditure commitments, and such items as foreign aid, was probably in the region of \$4,500m.

This year oil prices will rise internationally, but production within the UAE will fall slightly and imports will continue to grow substantially. Defence expenditure and spending on large industrial schemes is also expected to rise.

The level of oil revenues is expected to be about the same as last year, resulting in a small fall in the overall surplus, perhaps to below the \$4,000m mark.

For the foreseeable future, the only fluctuating factor in the UAE's trade profile is likely to be imports which will continue to increase with a rapidity and value which could be tolerated only by an oil-producing nation of some considerable wealth.

The movement of inflation within the economy is extremely difficult to chart accurately, since there are no price indices on which

calculations may be based. The annual rate of inflation is provisionally estimated to have been between 25 and 30 per cent between 1977 and 1979, falling to 15 or 16 per cent in 1978 and 1979.

In 1980 there was a rise towards the 20 per cent mark, fuelled by rising construction costs, high rents in Abu Dhabi where office space remains at a premium, the inflationary effect of imports and rising government expenditure.

But overall there is a growing awareness of the need for controls on spending. Total bank credit in the past year has fallen below the level of inflation, rising to 123 per cent. Total government spending last year was in the region of 38,000m dirhams, compared with 29,000m dirhams in 1979 and 26,000m dirhams in 1978.

This increased level of expenditure does reflect a large number of considerable capital projects. In essence, the federal authorities are aware of the need for efficient spending and feel that they are working more effectively than in previous years.

Business confidence remains excellent but for the one usual caveat which affects all of the Middle East: will external influences interfere with the UAE politically?

The confidence of the local population in the UAE is buoyant. Despite the attractions of such areas as the Eurodollar market for investors in recent times, capital outflows from the UAE have proved much less than was expected, and certainly well below the rate of demand for supposedly safer Western markets which has been noted in other Gulf states.

David Hewson

No major changes expected in the direction of the federal Government

continued from page 1

If these estimates are correct, and judging by the sensitivity with which the issue is being handled by the Government, the number of UAE nationals who take a dominant part in running their country's industry, economy and civil service must be very few.

The experience of anyone dealing with these sectors would suggest that this is correct. The large-scale immigration which by now has pushed the federation's population over the million mark is by no means accidental.

The vast influx of workers—mainly from other Arab countries and India and Pakistan—was necessary if the federation's schemes of building adequate roads, an active industrial sector, and a thriving financial community were to succeed. The difficulty has been that the flow of immigration has been self-perpetuating. The more workers were needed for construction work, the more housing and medical facilities needed to be built—hence the need for more construction workers.

The problems of such a large immigrant population are not political, and it is hard to believe they ever will be. Most of the workers concerned view their stay in the UAE as a temporary one in which they will attempt to remit as much money as possible to their homes. Those who fall foul of the law are swiftly deported.

Each from the UAE national's point of view, the three is a cultural one. It is a question of a feeling of being swamped by another race, a vague proposition, apparently for all but those who experience it.

Certainly some of the trappings of Western life have been contained; alcohol is no longer available in restaurants outside hotels and night club acts are monitored to make sure they are not too risqué.

The initial response has been to introduce new regulations which have been blatantly discriminatory when enforced. The regulations stated that no immigrant could change jobs without first leaving the country for a year. They have been enforced only in the case of the poorer immigrants from India and Pakistan; no Europeans can recall having any difficulty in changing jobs and staying in the country.

But there are signs that the Government will tighten up further on the question of immigration and that the subject will be mentioned with some force when the federation's first five-year plan is published later this year. Any blue-collar worker

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harbouring a desire to make the UAE a permanent home is likely to find that the plan makes clear the Government's policy of sending home most immigrants as soon as the need for their labour is expended.

Another issue causing concern for the Government is the nature of the educated young UAE national, one of a new breed who has been brought up alongside Western ideas of democracy. Older politicians are visibly worried by developments among the young, notably in Sharjah. A magazine published there, *Al Azma*, has been something of a catalyst, calling for wholesale political integration of the emirates and the introduction of a democratic system to supersede the ancient *majlis* whereby each ruler holds a regular court accountable to his people.

The demands, in Western terms, are far from revolutionary and are accompanied by a genuine respect for some of the present leadership's achievements. Yet *Al Azma* has seen itself banned temporarily under a new and stricter press law, and a number of professors at the Al Ayn university have been dismissed for expressing views judged to be too liberal.

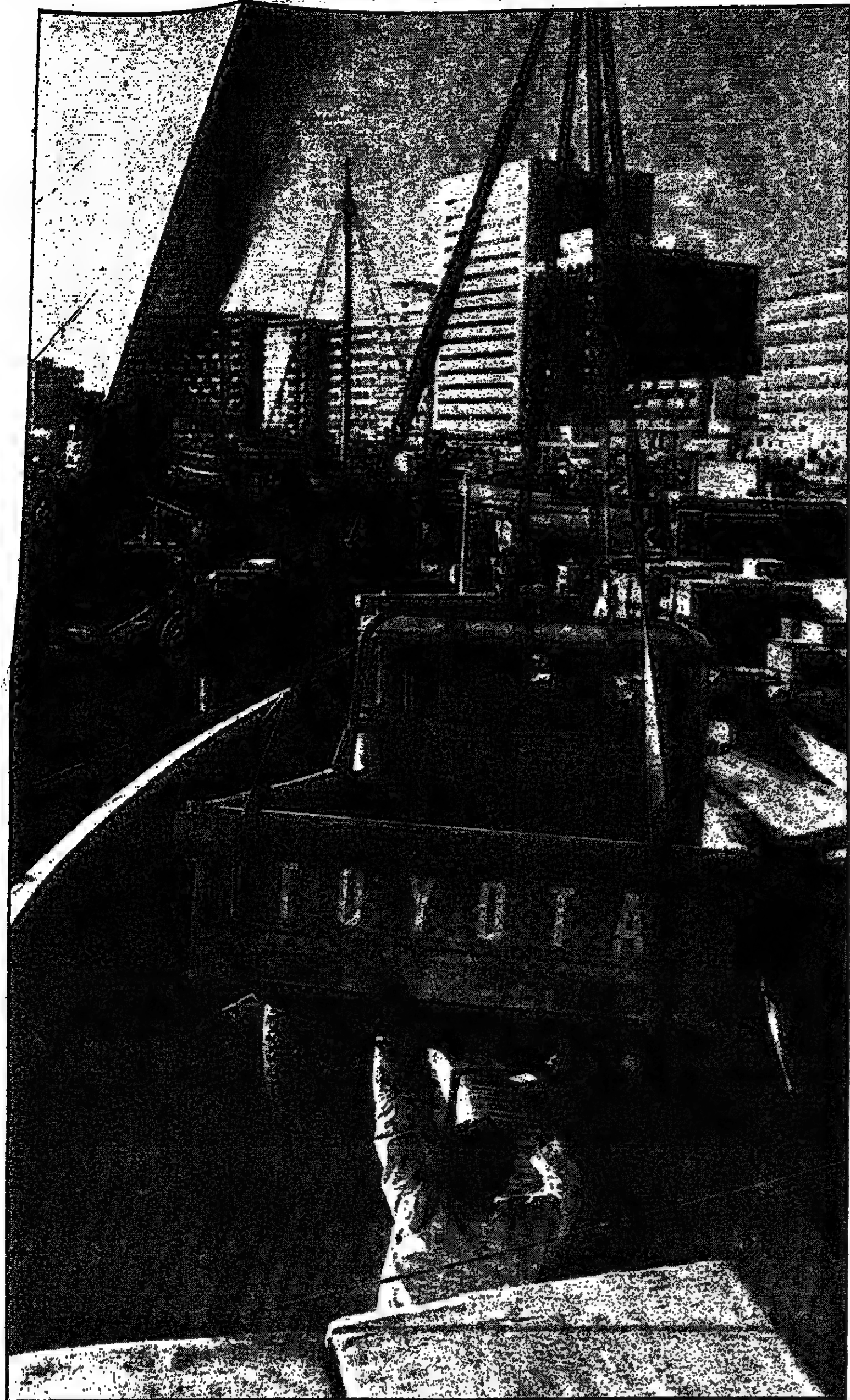
The instability of the region surrounding the UAE may go part way to explain-

ing such measures, but there are many who feel that the Government has over-reacted in a way which it will feel necessary to retract at some stage.

The advisory national parliament, the Federal National Council, has attempted to take some kind of a lead, calling for a permanent constitution, legislative powers for itself and the abolition of internal borders. But its demands have not been met and, even if they were, the young radical groupings argue, the FNC merely exists, for the moment, of appointees.

Such murmurings are quiet and distant, but are not likely to go away. Though no details have yet been made available of the constitution which will come into force when the present one runs out later this year, few expect any major changes in the direction of the federal Government.

The UAE tends to attract the same kind of comment as the British broadcasting system: people are not quite sure how it works but they know that it does. All that can really blight the picture is the vast and unknown east hanging over the country, no matter how stable it appears, which is caught up in the tangled web of causes and emotions which makes up the Middle East of today.



Unloading cargoes in Dubai Creek.



Among an influx of workers are Pakistanis, some of whom are seen here planting highway gardens in Port Said Road, Dubai.



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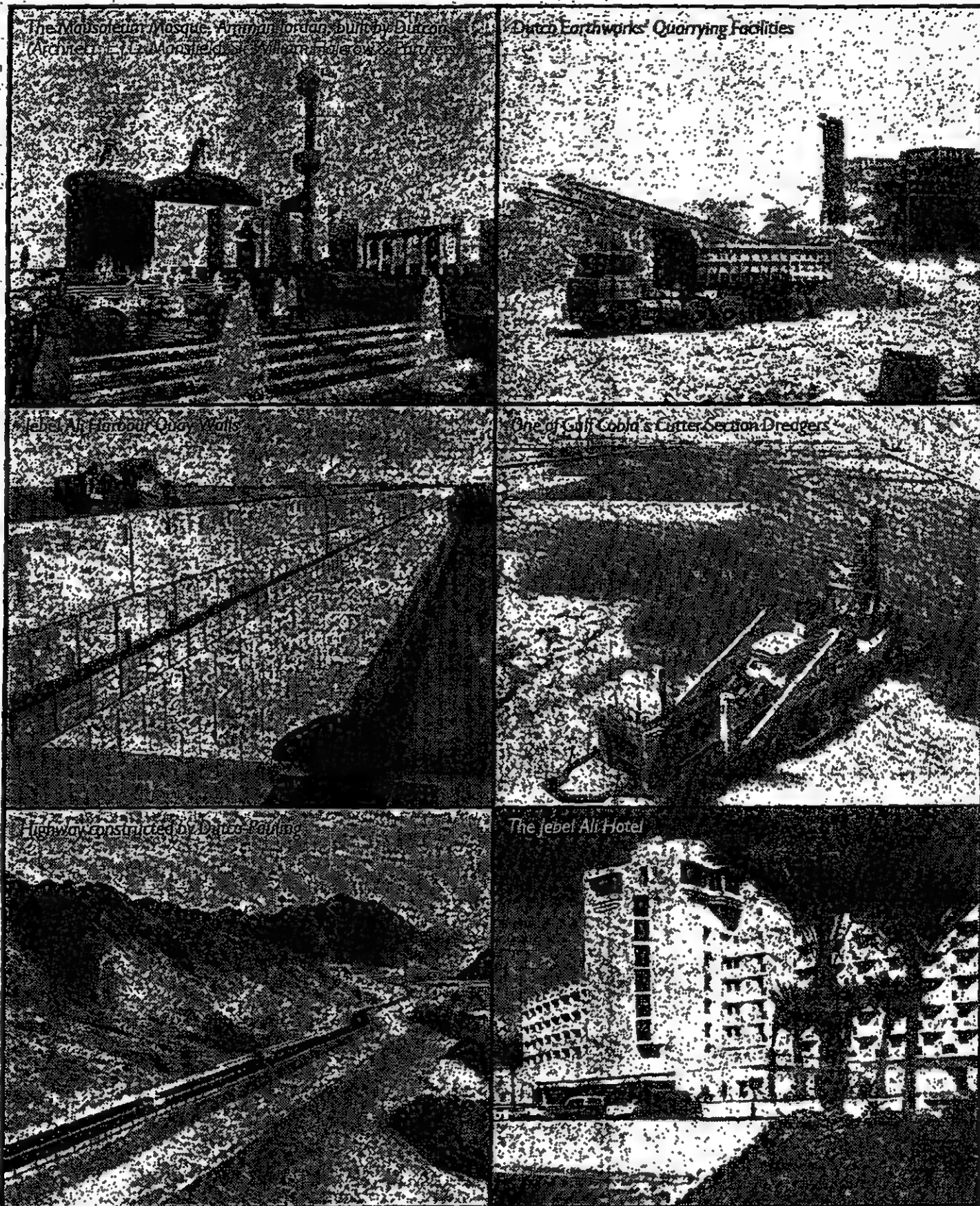
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UNITED ARAB EMIRATES

Oil

Flow of new revenue for Sharjah

The UAE oil industry is in an exciting period of growth with Abu Dhabi opening the door to new companies in a bid to step up its exploration drive. In 1980 there was good news for the tiny emirate of Sharjah, long considered to be financially the "sick man" of the emirates, when the United States oil company Amoco forecast an eventual flow of 80,000 barrels a day from an onshore discovery. In Dubai a steady output of 354,000 barrels was maintained.

With the interruption to output in the northern Gulf brought about by the Iranian war, the UAE now the Middle East's third biggest producer, after Saudi Arabia and Libya. From January 1, 1981 production levels for the three producing emirates were Abu Dhabi at 1,195,000 barrels a day; Dubai at 354,000 barrels and Sharjah at 80,000 barrels from the declining Mubarak field near the disputed island of Abu Musa which has recently been fortified by Iran. Based only on official selling prices and Dubai and Sharjah sell at spot prices—revenue in 1981 could be expected to exceed £21,000m.

Considerable capacity in Abu Dhabi's fields has been "locked in" for conservation reasons. By contrast, rising output from the January Abu Dhabi allowable production figure of 1,195,000 barrels a day in August the figure was 1,275,000 and before that 1,355,000. Manas Bin-Said al Otaiba, Petroleum and Mineral Resources Minister, says the cuts are for technical reasons and to preserve oil for future generations. There has been some concern over the state of the Abu Dhabi oil field. Despite this an extra 50,000 barrels a day was permitted

on a temporary basis for the benefit of France, to help compensate for losses brought about by the Gulf war.

Abu Dhabi has remained a moderate oil price and at the Opec meeting in Bali, Mr Otaiba argued for a pause until the summer before any price rise. But Dubai and Sharjah follow their own pricing policies since oil policy is still considered a matter for individual emirate governments.

In the autumn, in what bankers considered a remarkable deal, Sharjah proposed to sell forward, for \$36m in loans from a group of banks, its entire remaining expected production from the Mubarak field. A buyer was easily found in a subsidiary of Guinness Peat but the deal fell apart because of concern about Abu Musa becoming a bargaining pawn in the Gulf war since Iraq has demanded its return to Arab sovereignty.

By late 1981, however, considerable extra capacity will come on stream in Abu Dhabi, changing the picture considerably. Initial output of 300,000 barrels a day will come from the Upper Zakum oil field off shore, rising eventually to 500,000 barrels. Mr Otaiba says the cost of bringing this capacity into operation has risen to £2,500m, which is well above the original estimate.

Upper Zakum has been handled by the state-owned Abu Dhabi National Oil Company (ADNOC) with only the Japanese consortium Jodco, a partner in the long-standing offshore concession held by ADMA-Opec, taking an equity stake of 12 per cent. ADNOC engaged its operator for the field, on a fee basis, the French Com-

pany Française Pétroles (CFP-Total) and as a result of aggressive biddings by French companies much of the contracting work went their way. ADMA-Opec, in which British Petroleum is a shareholder, is majority controlled by ADNOC but the state company has traditionally had less of a say in policy than in the newer oilfield ventures such as Upper Zakum.

On shore the Abu Dhabi Company for Onshore Petroleum Operations, known as ADCO, groups BP, Shell, CFP-Total, Exxon and Mobil and the Gulbenkian interest. ADNOC has come under considerable pressure to bolster exploration and has registered two recent field discoveries in the southern part for Abu Dhabi and plans four evaluation wells.

The commitment by ADCO has, however, not impressed Mr Otaiba who continues to say that unless ADNOC and ADMA-Opec make more effort what remains of their concessions will be taken away. By October, 1980, the Abu Dhabi authorities clearly felt it was time to act. The first of three concession awards was announced and a further seven are pending.

These are the first exploration concessions granted by Abu Dhabi since the early 1970s. Amoco is a concessionaire as is a group led by Sceptre Resources of Canada. The last award was to a doubling the 120,000 barrels a day refinery at Ruways in the west of the UAE which is due to be completed in late 1981. This will cost in the region of \$500m.

High on ADNOC's list of projects is understood to be the investment in downstream industry.

Mr Ian Irving, the First National Bank of Chicago's Abu Dhabi general manager, who is chairman of the UAE Bankers' Association, has said that 1981 will be a good year for Abu Dhabi. "Every body connected with the oil industry—and that means most of the town in one way or another—will benefit."

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government of their interest in exploration permits.

The Government will have the satisfaction of seeing between \$330m and \$416m invested in the next 10 years by the oil companies working the new concessions. It has surprised some observers that the Government has decided against carrying out the exploration work through ADNOC and its subsidiaries since the company is certainly financially in a position to carry out the work.

The advantage of doing the work through ADNOC has apparently been outweighed by the aim of keeping the UAE an open house to the international oil industry.

ADNOC has intrigued the Abu Dhabi business community by announcing huge spending plans over the next five years totalling more than \$4,000m. Mahmoud Krouba, the general manager, said in January that ADNOC's capital is to be raised from £22m at present to £829m. This was to finance further oil and gas exploration and to increase the investment in downstream industry.

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Gas

Leisurely pace of exploitation

Low gas prices have been the reason for the leisurely pace at which the UAE has proceeded with the job of defining its gas fields. As the size of the reserves has become apparent some official pronouncements have hinted at what is to come.

In December Dr Manas Bin-Said al-Otaiba, the Minister of Petroleum and Mineral Resources, said he was confident drilling would "confirm the UAE's position as the possessor of the biggest gas reserves in the area".

Neighbouring Qatar is also making optimistic forecasts about its north-west Dome field which is geologically related to Abu Dhabi's most important gas-bearing structures.

The state-owned Abu Dhabi National Oil Company (ADNOC) has had some success with a deep drilling programme, and in 1979 found a large accumulation in the Khuff formation with a discovery well testing at 60 million cu ft a day of quality gas with a 90 per cent methane content. This well was at Umm Shaif, and another well dug in the Khuff formation in the Zakum field also yielded gas.

On shore a well is being dug at Bab to test Khuff gas with the target of 22,000 ft or hole. As an indication of Abu Dhabi's seriousness of purpose the Bab well is to be one of the deepest yet drilled in the Middle East. Drilling has also revealed extensions to existing fields and a new formation known as Thamama C is particularly important.

Abu Dhabi's gas industry is aimed at recovering gas produced with crude oil to avoid flaring. The burn pits are visible to every air traveller going to the Gulf. On shore the Abu Dhabi Gas Industries operation known as Gasco is expected on stream this year. Production levels are dependent on Abu Dhabi's policy on crude oil production, but design capacity would give 1,230,000 tonnes a year of propane, 1,410,000 tonnes a year of butane and 2,110,000 tonnes a year of gasoline. There will be some variation in the efficiency of Gasco's plant since the technology used at Bu Hasa was dependent on some old equipment inherited from a previous attempt at getting an onshore gas gathering programme operational.

Gasco groups ADNOC with Compagnie Française des Pétroles (CFP-Total), Shell and the Gulbenkian interest. ADNOC has declined to join in the investment. It has been considerably boosted by loan finance through the Abu Dhabi Investment Authority and may soon be in a position financially to consider expansion.

The likely market for ADNOC's share of Gasco's production is Japan, where seven companies have been lined up as customers although negotiations are still going on. The other shareholders will market their own and all have provided a share of management.

Abu Dhabi's long established gas project is the offshore based liquefied natural gas (LNG) scheme at Island. Here the Abu Dhabi

Gas Liquefaction Company (ADGLC) is engaged in The Gulf's only long project for its shareholders: ADNOC, BP, CFP-Total, and the Japanese companies Mitsui and Bridgestone. The Das plant has from the start produced at below design capacity of 2,200,000 tonnes of ing a year and 1,200,000 tonnes of natural gas liquids.

In 1980 Das was producing at about 65 per cent of capacity because of problems with the plant's storage tanks. These are to be replaced under a \$50m scheme for which Pullman Kellogg of the United States has been appointed project manager to the ADNOC gas directorate. The question of alleged faults in existing tanks is sub judice.

ADGLC's sole customer is the Japanese utility Tokyo Electric Power Company and the shipping of the gas to Japan is now the responsibility of Abu Dhabi's Liquefied Gas Shipping Company. This company has also been involved in litigation with a shipping company after bolts were discovered in the hold of the first gas carrier to travel from Das to Japan.

To compound the trail of bad luck ADGLC has discovered that bad weather, which occasionally closes in on Das, has led to a loss of loading. It is possible that ADNOC will want to encourage ADGLC to expand possibly by investing in another train (gas production line), but this will have to await the completion of the gathering scheme scheduled for late 1981.

Dr Otaiba has boosted ADGLC's operating profits by securing from the Japanese client an agreement indexing the price of the gas to Abu Dhabi's 39° API Murban crude. It replaced a much less favourable indexing agreement whereby the price was related to the average cost of landed crude oil in Japan.

The present excitement in the UAE gas industry, however, concerns ADNOC's plans for exploiting the Thamama C strata. This project emerged during the Muslim month of fasting (Ramadan) in 1980 when most companies' business development managers were on leave, victims of a feeling in the UAE that during Ramadan business goes off the boil. ADNOC wants site work to start in September and it is likely that the project management of the \$300m scheme will go to Fluor Corporation, although Luannus Company of the United States is still in the race.

The Thamama-C project will help ADNOC to meet a commitment to supply gas to Dubai through a 100 km pipeline for the Dubai aluminium smelter. One-quarter of the flow will go to Dubai and the rest will be needed for domestic consumption at Island. Here the Abu Dhabi

water desalination complex at Umm al Nar island, outside the capital.

The project management for the 100km gas pipeline to Dubai is to be handled by the Dubai-based Gulf Resources Management Corporation under the direction of Mr Mike Thomas, former managing director of Taylor Woodrow International of the United Kingdom. It is an example of improving co-operation between the emirates, since Dubai's smelter has a demand for gas which the Dubai oil fields may in the future find it difficult to satisfy.

In Dubai the Jibel Ali fractionation plant built by McDermott-Hudson for the Dubai Natural Gas Company

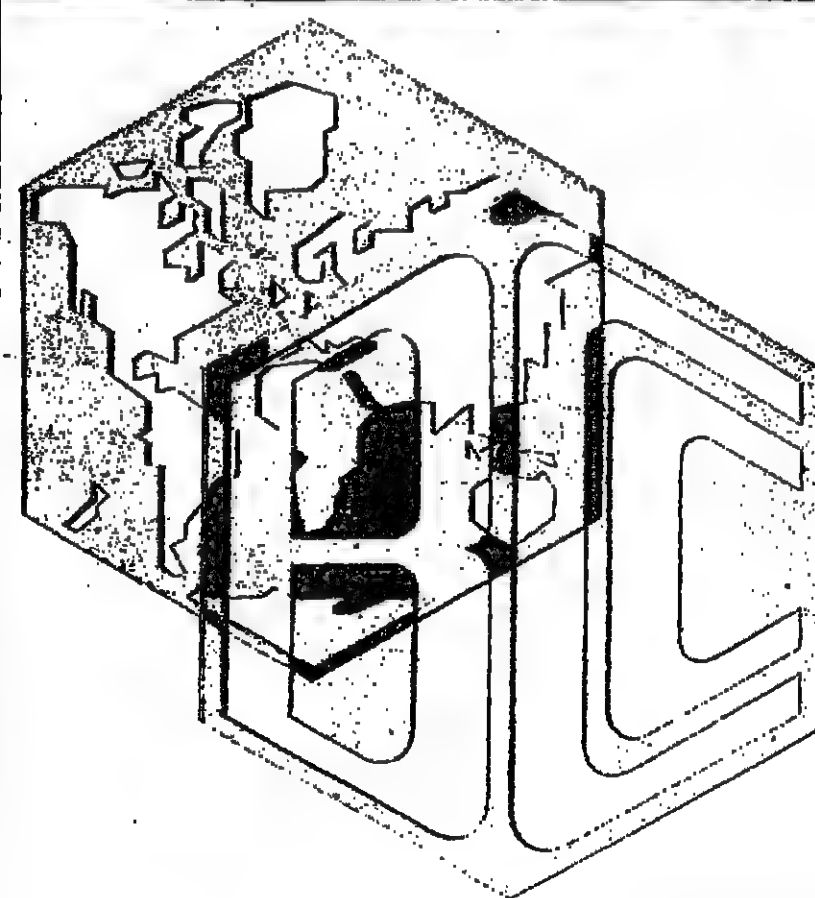
(Dugas) has been operating for just less than a year. Its total output is 260,000 tonnes a year of propane and 270,000 tonnes a year of gasolene. The dry gas remaining is supplied to the smelter while the other products are exported to Japan from the gas liquids loading facility at Jibel Ali.

Dugas is a joint venture between the Dubai Government and Sunningdale Oil of Canada. There has been discussion of a domestic grid for gas in Dubai, but this may be ruled out by the prospect of falling production off shore.

All this could be resolved by use of the gas pipeline from Abu Dhabi. There is

every sign that ADNOC is committed to including such investment in its gas development programme. At Ruways dry gas is to be supplied to the fertilizer factory now being built. The gas pipeline which was laid in the course of the Gasco project would, if laid end to end, stretch from Abu Dhabi to Kuwait. The future for an integrated gas grid looks better than ever, but depends on more political co-operation between the emirates. At various times in the recent past Dubai has contemplated buying gas from Oman and neighbouring Umm al Qaywayn, but only Abu Dhabi is really in a position to meet its requirements.

John Whelan
Middle East Economic Digest



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هكذا من الأصل

Banking

Step towards a common monetary policy

Long-awaited transformation of the United Arab Emirates Central Bank took place on December 15, 1980, when the bank was inaugurated by the late Sheikh Zayed bin Nahyan, the ruler of Abu Dhabi.

The new bank, which is the result of the merger of the former Central Bank of the United Arab Emirates and the National Bank of Dubai, has a capital of AED 500 million.

The bank's first task is to regulate the commercial banks in the UAE, which have been operating under a variety of different rules and regulations.

The bank is expected to play a key role in the development of the UAE's financial system and in the implementation of a common monetary policy.

given the powers more effectively to regulate the commercial banks since for the first time a minimum capital requirement of AED 50 million for commercial banks has been established.

For the handful of banks which fail to meet this requirement there is a stipulation that 10 per cent of annual net profits must be put aside until the minimum is reached.

The first bank to respond to these new criteria was the tiny Ras al Khaima-based Bank of the Arab Coast, started in 1975 with a capital of only AED 70,000.

By the end of 1980 its balance sheet had grown to only AED 5.5m and its foreign shareholdings, including Credit Libanais of Beirut, appeared unwilling to continue.

In January, 1981 new shareholders came forward and the bank was recapitalized at AED 11.5m. Interestingly this brought in, besides new UAE shareholders and directors, including Khalifah al Naboodah, the Dubai merchant, a number of prominent Kuwaitis including Mr Jawad Bukhaisan, the owner of the Kuwait Holiday Inn.

A more controversial aspect of the Central Bank law is that commercial banks will no longer be able to lend to members of their board. They are also prohibited from lending more than 20 per cent of their deposits for real estate financing.

Most UAE banks say that since the 1977 banking crisis, when two banks closed, they have reduced considerably their real estate portfolios. This has been helped by the creation of a real estate fund by the Government which has allowed the commercial banks to transfer certain bad loans, made to nationals at the height of the boom.

The shake out since 1977 has seen no reduction in the number of banks operating but some of the 52 commercial banks are probably no more than money shops. At the top the banking sector is dominated by the big six: National Bank of Abu Dhabi,

National Bank of Dubai, the Abu Dhabi-based Khalij Commercial Bank, the Abu Dhabi-based Arab Bank for Investment and Foreign Trade, BCCI and Union Bank of the Middle East. Other names such as National Bank of Sharjah and the Dubai Bank have also made steady progress.

International branches have been established by the Bank of Oman, which is based in Dubai and has no connection with the Sultanate. Bank of Oman is the first Dubai bank to obtain a licence to open an offshore banking unit in Bahrain and is already represented in Bombay and London and has a finance company in Hong Kong.

As banks with a truly international profile, National Bank of Abu Dhabi and the Abu Dhabi Investment Company are established names. National Bank of Abu Dhabi had, in December 1980, balance sheet footings of more than AED 6,000m—a remarkable tribute to the efforts of its international division headed by Mr Clive Smith which has been actively encouraged by Mr Ahmad Assad, the bank's chief executive.

National Bank is in the process of opening an office in Washington, DC and has had a presence in London for several years. A useful contribution to group earnings is made by the bank's Egyptian and Sudan branches.

Banks such as Khalij Commercial are investing in on-line computer systems to improve the service to their customers. Mr David Alexander, the general manager, is proud of the AED 30,000, which Khalij has invested in its software.

Each branch of the bank is connected to a central computer and on presentation of a cheque the customer's account can be read instantly.

The strongest base of the native commercial banks in the UAE is trade finance. The branches of foreign banks which have set up in the UAE are also to some extent in competition and the arrival of the Central Bank has led to fears that wholly-owned foreign banks may be restricted in their activities.

A bank such as First National Bank of Chicago says, however, that its prime reason for being in the UAE is to serve its corporate foreign clients, when they do

business in the UAE. This is so they do not compete in the UAE "bankers' back yards".

The UAE's attempt to establish an offshore banking enclave to match Bahrain has, however, met with limited response. It is known that some Japanese institutions now in Bahrain would like to move to Dubai or Abu Dhabi but the Central Bank has to date shown no willingness to consider expanding the enclave. There are now only four restricted licence banks in the UAE (reduced from 12 in 1977) including Banca Commerciale Italiana, Banco Urquijo of Spain, American Express and Amsterdam Rotterdam Bank. The departure in 1980 of Bank of Nova Scotia which has decided to consolidate in Bahrain.

The representative office has proved a more popular vehicle for bankers although it limits them to acting as a "post box" and listening post. The spread of representative offices shows a sprinkling of leading banks, including Chemical Bank, Bank of America, Chase Manhattan, Credit Suisse, Union Bank of Switzerland, Citicorp, Bank of the United Kingdom, Credit Lyonnais and Banque Nationale de Paris as well as Banque Paribas, Banque de Belgique and Den Norske Credit Bank.

The motives of the international banks vary. Credit Suisse is doing a lot of work with bullion and yet finds time for a trade promotion role to help Swiss exporters. In Dubai, Belgium's only bank in the emirates, Mr Rugo de Clercq, is a travelling envoy to the whole Gulf, including Iraq. Mr de Clercq also serves as his country's honorary consul-general in Dubai, proving visas as often as to give advice on letters of credit.

Through the UAE Bankers Association the banking community has a channel of communication with the Central Bank. Meetings are well attended, particularly as the bank uses the meetings to issue statements on new policy. With the equivalent of about AED 500m deposited in local banks at the end of 1980 there is plenty to look after even if most of that money is held by the big six commercial banks.

J. W.

Agriculture

Scientific advance but at high cost

Agriculture, for the past few years almost a novelty industry within the UAE, is likely to take on a new importance when the federal Government publishes its five-year plan in June.

The problems that such an arid, mainly desert area faces in growing crops are the provision of water supplies and the underdeveloped farming technology prevalent in the rural areas.

Abu Dhabi pioneered new agricultural techniques at the desert oasis of Al-Ayn and has had notable success in pioneering methods of turning arid desert into a medium fit for horticulture. But while the scientific advances have been worthwhile, the economics have been less satisfactory.

Even taking into account the savings made by growing locally, the additional cost of the technology of some of the early agricultural schemes still left the end product more costly than its imported equivalent.

Al-Ayn remains a private venture of Abu Dhabi but the rest of the federation's farming ventures now come under the supervision of the Ministry of Agriculture and Fisheries.

Experiments carried out jointly with foreign firms Banque Paribas, Banque de Belgique and Den Norske Credit Bank.

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J. W.

25,000 hectares devoted to forestry. The value of the agricultural output rose from 138m dirhams in 1972 to 170m dirhams in 1978. The main products are dates, mangoes, guavas, vines and figs and a wide range of vegetables.

But the policy of wholesale subsidy has led to the propping up of some inefficient elements within the sector and an absence of some farmers of proper financial planning.

To counter this, the federal Government is to set up a marketing institute, under the control of the Ministry of Agriculture and Fisheries, which will set the price structure for all domestic agricultural output. Such blatant state intervention in the trade process seems rather incongruous in a state so devoted to the ethos of free enterprise but its formation does give a measure of how seriously the federal Government is starting to regard agriculture.

The reasons are as much social as economic. The UAE will never be able to be self-sufficient in food production and, despite talk of the necessity for food security, it is unlikely to face supply problems as long as it has considerable assets to pay for the imported goods.

What a concerted agricultural programme offers the Government is an opportunity to develop traditional industries in the poorer northern emirates which have no oil reserves which provide them with instant wealth. In the past, they have had to depend largely on hand-outs from Abu Dhabi and Dubai.

Civil servants are increasingly conscious of the need to retain local industries and culture rather than allowing the all-encompassing sweep of oil wealth to dominate every aspect of national life. Agriculture, though a tiny part of the federation's economy, is possibly the only sector where UAE nationals have retained overall control of their industry.

Rural depopulation is at most unknown, though there has been a serious fall in the number of fishermen who, were once the key to the area's prosperity. The number of active fishermen fell from 6,545 in 1972 to 23,000 in 1979 with a further



Fish in a Dubai market. The sea is an area in which the emirates could become self-sufficient.

been introduced, fish breeding projects are under way, and a joint marine exercise has been undertaken with neighbouring states to determine the potential of the Gulf.

Both farmers and fishermen are keen to adopt any new methods which give them proved benefits. Any who feel that the ministry has been slow on equipment deliveries do not hesitate in complaining over the ministry's heads to their Ruler or his majlis. The habits which are hard to break are those concerning education. While new machinery is welcome, new ideas about agricultural colleges have proved less popular.

David Hewson

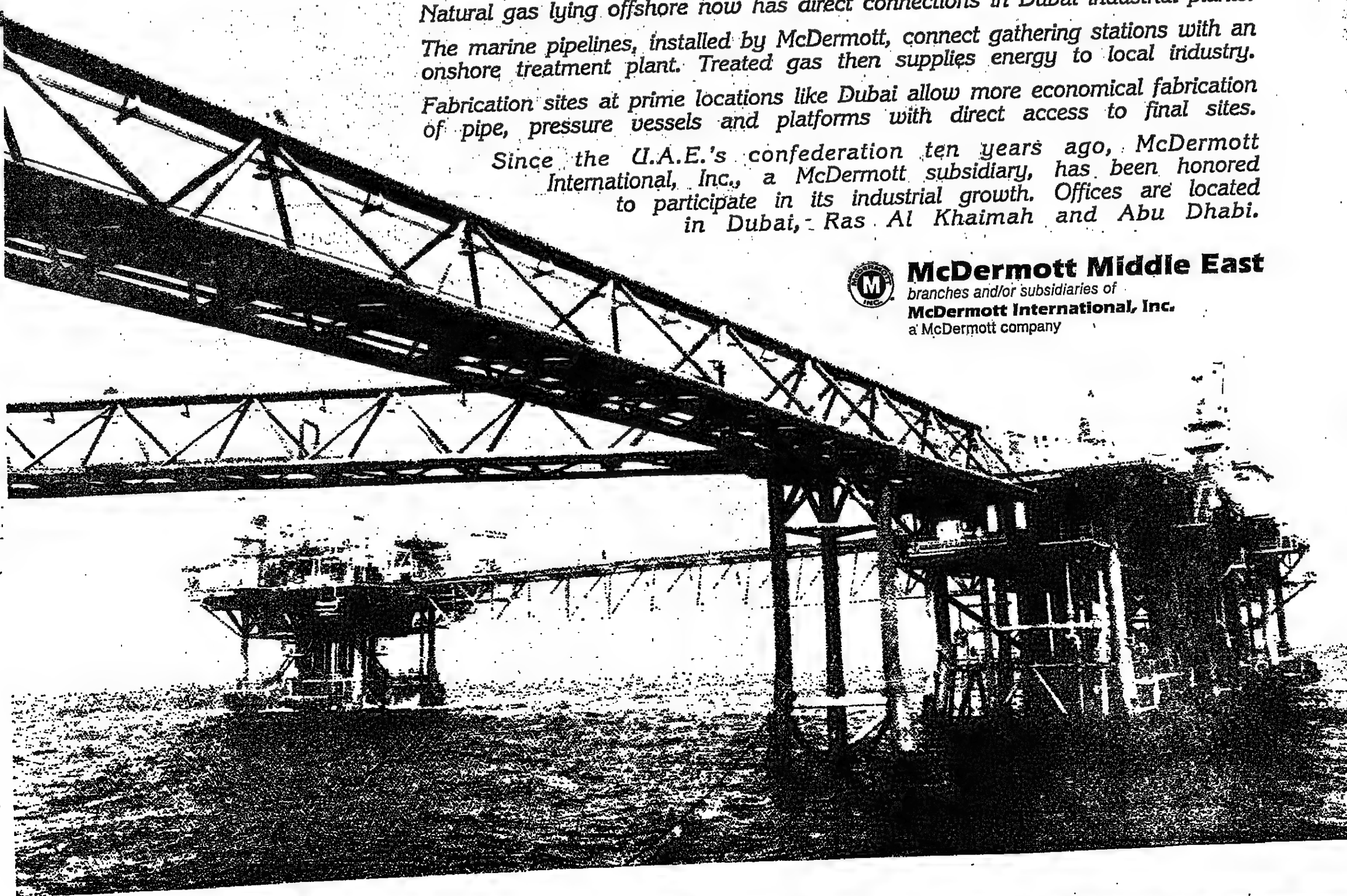
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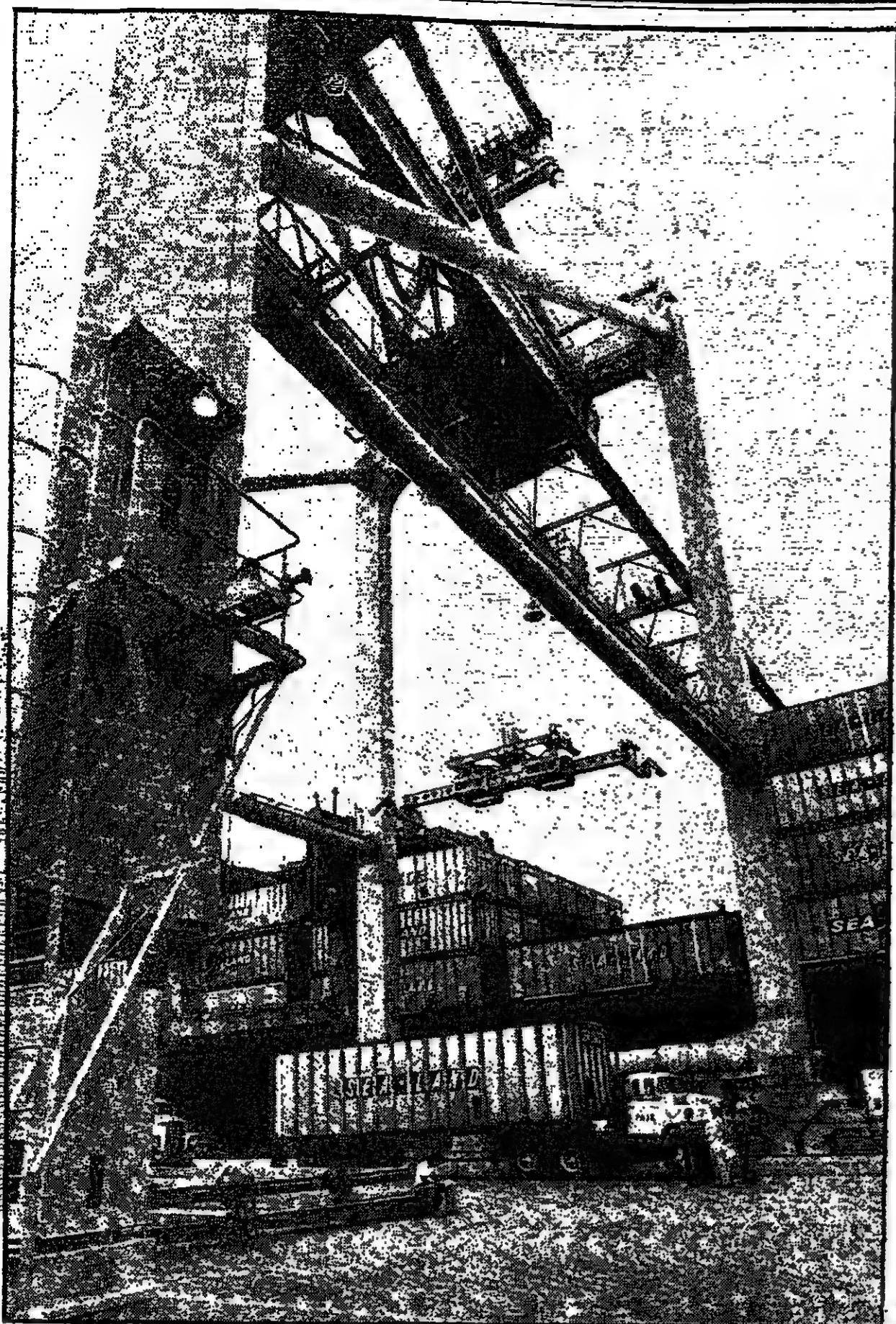
Natural gas lying offshore now has direct connections in Dubai industrial plants. The marine pipelines, installed by McDermott, connect gathering stations with an onshore treatment plant. Treated gas then supplies energy to local industry. Fabrication sites at prime locations like Dubai allow more economical fabrication of pipe, pressure vessels and platforms with direct access to final sites.

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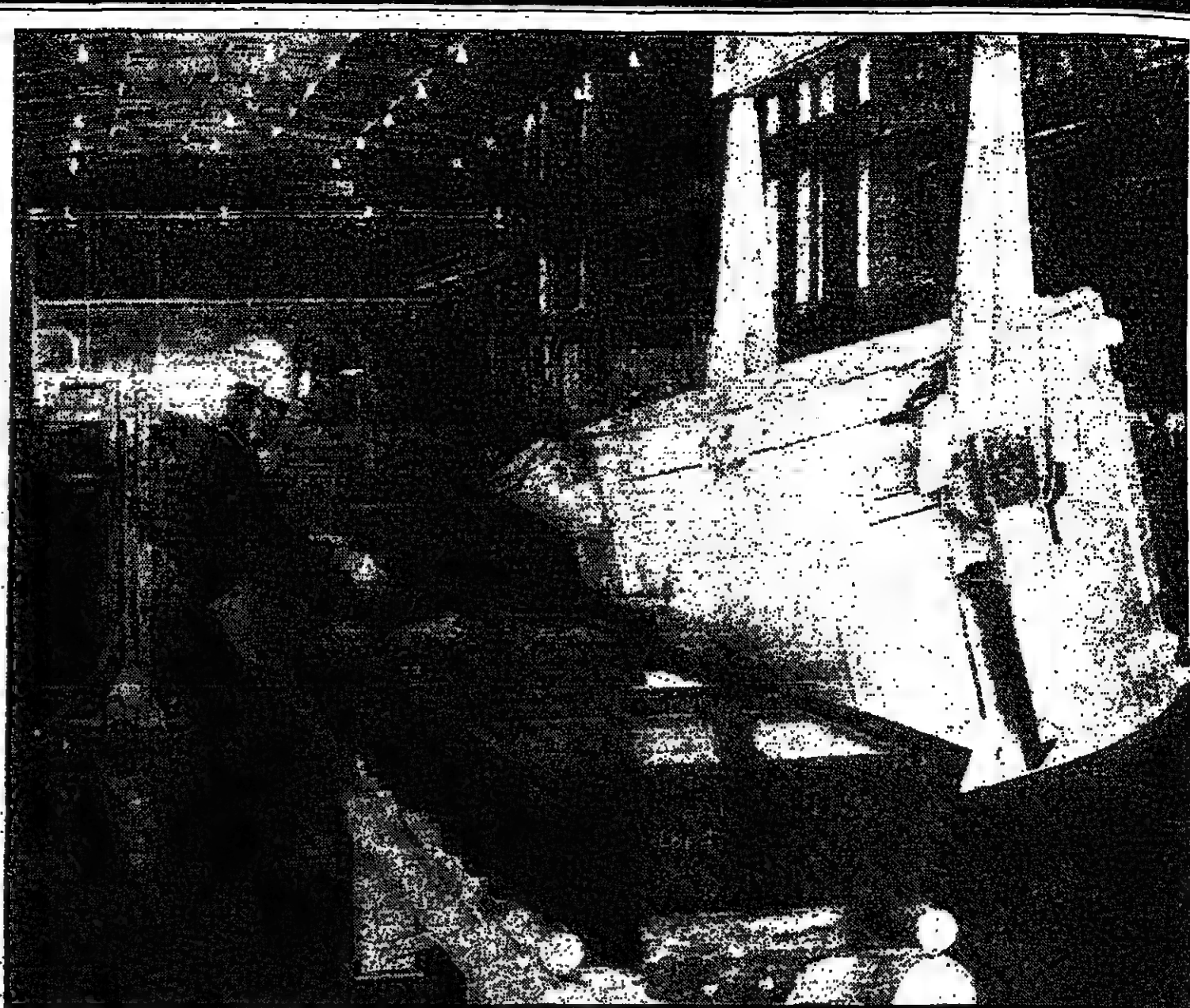


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A container ship at Jibel Ali port. Above right: liquid aluminium being handled at the Dubai smelter.



Heavy industry

Little hope of finding home markets

Mr. Hamed al-Drai, Dubai's chief of protocol at the Ruler's office, is categorical on the future of industrialisation in the emirates. "In 25 years Dubai will have returned to the sand", he says. It is characteristic of the fresh-thinking atmosphere in the emirates that such views are permitted to co-exist with the conventional wisdom that the foresight of Shaikh Rashid, the Ruler of Dubai, has expressed in the ambitious 66-berth Jibel Ali industrial port and the dry dock capable of handling very large crude carriers—so huge that they have yet to be built.

Mr al-Drai's argument also challenges the assumption that Dubai's preeminence in the Gulf as a trading centre is founded on the natural talents of its merchant elite. "No", he says, "before oil will be nothing". It is perhaps encouraging that the emirate governments have avoided surrounding themselves with courtiers, drawn from the fable about the emperor who walked without his clothes.

Indeed with a population reckoned by the December 1980 census at 1,040,000 there are only 322,000 women and 180,000 families for a country the size of Scotland or the state of Maine. This means that the prospect of finding much of a home market for industry is slim despite the high per capita income—likely to be

something in the region of \$21,000 a head in 1981 based on a notional division of the population into the estimate for oil income.

In Dubai a brave attempt has been made to establish Jibel Ali as the Rotterdam of the Gulf. The Jibel Ali Port Authority has made a bold marketing drive which has attracted a number of regular container line users. The industries themselves are dwarfed by the massive \$630,000 aluminium smelter which has still to reach full capacity, but in 1980 was making a little over 1,000 tons of metal a week.

Yet Dubai Aluminium (Dubal) which sells on to the world market, rather like a gold mine or an oil well, is somehow irrelevant to the future of industry in Dubai proper. While it is true that Dubai has stimulated the growth of a number of related industries, such as aluminium extrusion, and provides desalinated water to the city, the real evidence of a take-off at Jibel Ali would be the arrival of more industries making fabricated steel, prefabricated homes and electrical cable.

Dubal has recovered from a bout of bad publicity surrounding the Government of Dubai's decision to cancel metal offtake agreements reached some years ago. Shaikh Zayed, the Ruler, ordered all workshops and warehouses to relocate outside the city centre a light industrial zone has been emerging on the mainland at Mussafah.

The Government has since appointed an advisory board of prominent international bankers and businessmen to the Dubai Aluminium Authority which has the job of giving the Ruler independent advice on policy.

It is hard to escape the feeling that Jibel Ali was born, or at least conceived, during the boom of the 1970s when expectations were different. The dry dock is an even more poignant reminder of the days when ships queued to unload at Dubai. Completed since 1979 and said since to be "on the brink" of finding an operator, the dock passed the second anniversary of its completion without any ink on papers, said to be drafted awarding the management contract to the West Country C. H. Bailey Group. Mr John Wiseman, Bailey's representative in Dubai, said early last month that he expected a signing to take place soon.

In Abu Dhabi industrial planning has been left largely in the hands of the state-owned Abu Dhabi National Oil Company (ADNOC), and it is easy to believe that the UAE's first industrial project, the refinery scheduled for completion in 1981 by the Italian engineering company Saam-progetti.

ADNOC's plans for the Ruways industrial park include the possibility of a minerals processing industry, probably steel, although a

joint venture partner will be needed. Talks have taken place with the Indian Government recently although they have been trying to reach agreement since 1975.

Petrochemicals are also under consideration but view expressed at ADNOC is that the investment climate is not ripe. More likely is an extension of the natural gas liquids project, especially if efforts to join the price of gas to crude oil by Opec are successful.

Ruways suffers from "expatriate fever", chronic absenteeism, caused by its remote location and the lack of adequate family facilities. Unlike Yasbu in Saudi Arabia, there has been little attempt so far to provide exemplary accommodation for the workforce. It is common for contract workers to return home before the end of their terms. The Ruways weekend, when the better paid escape to Abu Dhabi for a break, often lasts from Thursday until Sunday.

It brings back to mind a point made in Dubai by Mr al-Drai. He is conscious of the emirates' over-dependence on expatriates and feels they have imported values which the UAE could do without. These, he says, are the values of the BBC television "soap opera" which are screened at Dubai's colour television English language programme, "Yes" and "and they all drink far too much beer".

John Whelan


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Light industry

Duplication of projects hinders progress

Sadiyat Island, a few minutes by boat from Abu Dhabi's main port of Mina Zayed which was once remembered for its experimental agriculture station, is now home for a pioneering venture, manufacturing drilling chemicals and liquids.

The Abu Dhabi Drilling Chemicals Company which is a joint venture between the state-owned Abu Dhabi National Oil Company (ADNOC) and NL Industries from the United States has been able to achieve success because of its powerful backing from ADNOC, access to finance through a syndicate handled by the National Bank of Abu Dhabi and expert foreign management. Its neighbours on Sadiyat are to include a ship repair yard and road bridges are shortly to be installed to the mainland.

Yet even a venture as well founded as ADDCAP has had to establish itself without the immediate benefits of modern basic services. It is harder still for smaller ventures backed by the UAE's private sector. The Gulf Pipe Industry's factory at the Mussafah industrial zone outside Abu Dhabi had to start production in September 1980 without telephone, piped water or mains electricity on a site 40 kilometres from the city. With the benefits of hindsight the Abu Dhabi Government

might have tried to install such facilities first.

The hardships, surprisingly, are not considered the main drawback for light industry in the UAE. The smallness of the domestic market and the duplication of sound projects are the big hindrances. Gulf Pipe is a good example of this. On the next site at Mussafah is a competing factory, Cord Abu Dhabi, which also plans to make pipes. The lack of any adequate industrial licensing system has led to unnecessary duplication.

In theory this is the job of the newly-established General Industries Corporation (GIC) which also handles the management of some projects. GIC also had to close one of its factories, a re-rolling mill, after the price of raw materials from India rose to a level where the project was no longer economic even with massive subsidies.

GIC's brief for industry is based on a report made some years ago for the Abu Dhabi Department of Petroleum and Industry by the Swiss consultant, Electrowatt. This drew up a fairly capsule list of viable industrial projects using census and other data which has not been fully released to the public. Among the projects given a high priority were production of vegetable oil and fats, pasta products,

cigarettes, animal feeds, soaps and plastic products.

GIC has come under fairly concerted attack from local businessmen who feel the Government should keep its nose out of the private sector and concentrate on industrial projects of \$50m and more through the national oil company ADNOC.

Abdullah Nasser, a businessman who belongs to the influential Abu Dhabi Executive Council (Execo) which exercises powers similar to the GIC in the United Kingdom, is one of the lobby who wants the Government to leave light industry alone. He believes GIC should hand over the projects it runs including the Al-Ayn cement factory and the Abu Dhabi flour mill to the private sector. "It is rubbish to say local people are not prepared to work. They will if they are given the incentive", he says.

Yet businessmen such as Abdullah Nasser and the big Abu Dhabi trading concerns such as the Massoud, have tended to avoid over-involvement in industry. As Count Albert de Borchgrave, the former Belgian chargé d'affaires in Abu Dhabi now in London, recalls: "The Abu Dhabi business people in the mid-1970s were keen to avoid the ADNOC sector. Ruways was too far out of town for them. It would have been hit by 'dumping' in the

difficult then to encourage any of the big names to go there."

This conservatism has led to the younger generation of Abu Dhabi businessmen concentrating on fairly specialised joint ventures or service companies rather than manufacturing. In Dubai similarly most of the impetus has come from the Government with only a handful of Dubai merchants engaged in fabrication ventures at the Jibel Ali industrial zone.

They more than any are acutely aware of the lack of any agreement within the emirates on protective tariffs for local industry. Although the Government is prepared to help with cheap land and free electricity and water even these concessions have an edge to them. Domestic connections in Abu Dhabi at least seem to have a higher priority than industry.

It would be difficult for the UAE authorities to enforce tariff protection since there would have to be concurrence of all seven emirates to make a tariff effective. While Oman, Saudi Arabia and Qatar have been able to enforce tariffs, such regulations in the UAE are still the province of the emirate governments.

A cable factory established at Jibel Ali by the BICC group of the United Kingdom with the Dubai Government has been particularly hit by "dumping" in the

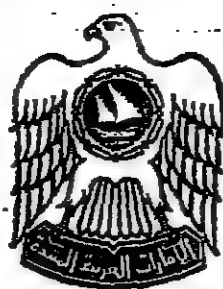
market of cheap imports of cable. The BICC plant ironically had everything else in its favour—investment in good machinery, technical knowledge from outside and the minimum amount of labour.

Light industry has also to contend with prejudices on the part of foreign consultants who often advise government clients to specify foreign-made construction materials. Unlike in Saudi Arabia, there is no general dictum that a locally-made product must be favoured if it is of an equal standard to an imported competitor.

Despite the UAE's achievement of self-sufficiency in cement a certain quantity of imported cement still finds its way on to the local market. For light industry to survive the export market has to be considered and only the bigger venture have developed sufficient marketing knowledge to succeed.

The Abu Dhabi National Plastic Pipe Fabrication Company which makes pipe for irrigation, water supply and sewerage is looking hard at the export market, according to Mr H. Togano, general manager. It is no surprise to find that the company established since 1974 is a joint venture between C. Itoh of Japan and ADNOC.

J. W.



Even before the U.A.E. was formed in 1971, Dubai foresaw the inherent benefits in unity, stability and a better future through developmental projects.

Union a dream-the U.A.E. its realisation

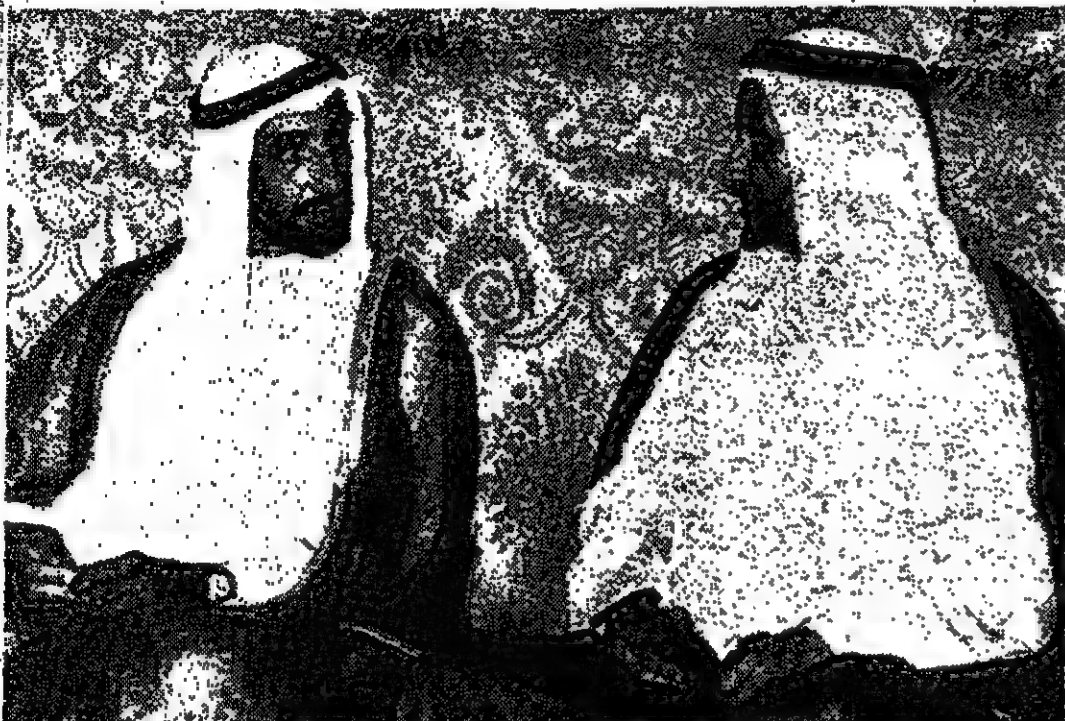
In 1968 the Rulers of Dubai and Abu Dhabi met and agreed to form a union, inviting also the Rulers of the other Trucial States Bahrain and Qatar to participate in a Federation.

A Federation was formed, but in July 1971 Bahrain and Qatar opted for independent

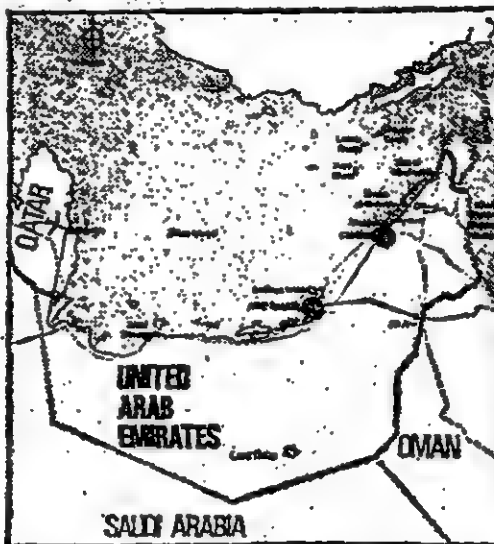
Government, through its various Ministries, took an active role in implementing economic, industrial and social development. Schools were opened everywhere, modern housing was built and distributed to citizens, and an extensive network of roads was constructed to

together of seven different emirates. Today it is a living, throbbing testimony to the successful unifying of advanced technology and eastern and western human resources. It is an eloquent example of a fine mix between traditional values and far-sighted realism. In the modern world of commerce and industry, the U.A.E. is a vital link.

Today the U.A.E. also plays a pivotal role in the international arena through its membership of the Arab League, the United Nations, the World Bank, the International Monetary Fund and various other U.N. bodies.



His Highness Sheikh Zayed bin Sultan Al Nahyan, President of the U.A.E. and Ruler of Abu Dhabi, with His Highness Sheikh Rashid bin Saeed Al Maktoum, Vice-President and Prime Minister of the U.A.E. and Ruler of Dubai.

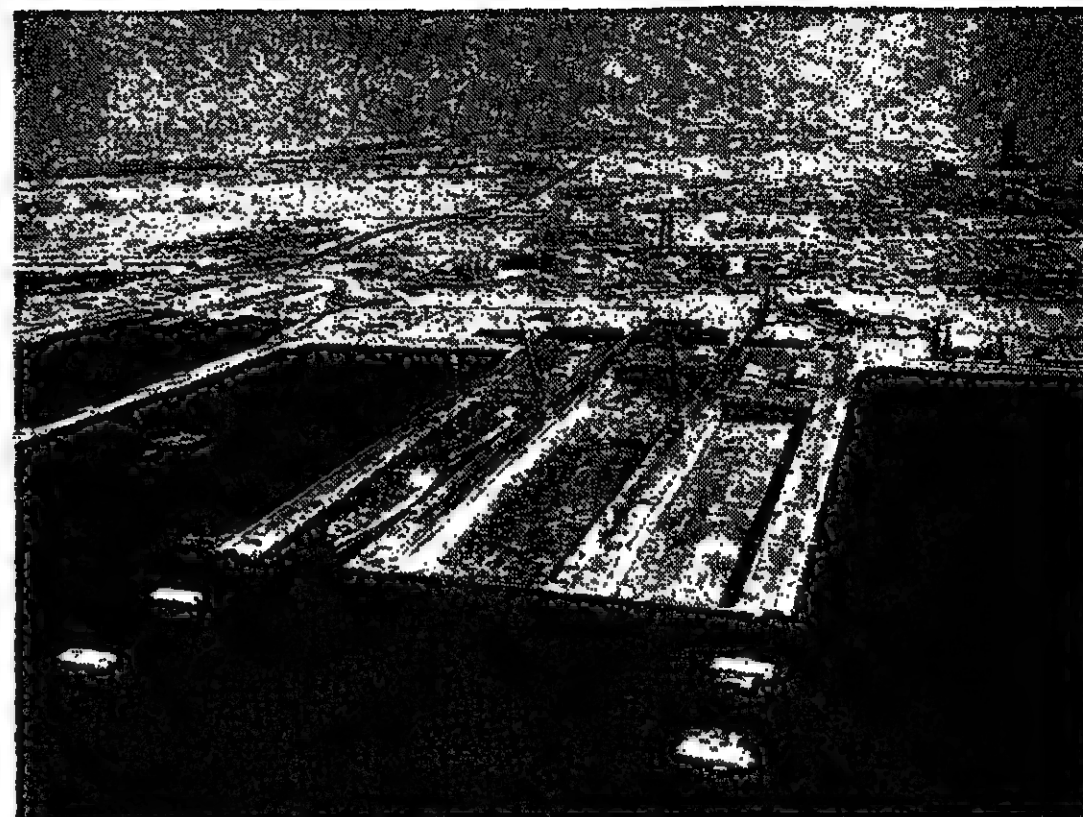


As a major oil producer, and consequently as a member of OPEC and OAPEC, the United Arab Emirates has a vital influence in the international scene.

Even as the U.A.E. is eager for its development, it is keen on assisting up-and-coming nations. To aid them, a significant percentage of the Federation's national income is channelled into a programme that includes direct aid and soft loans.

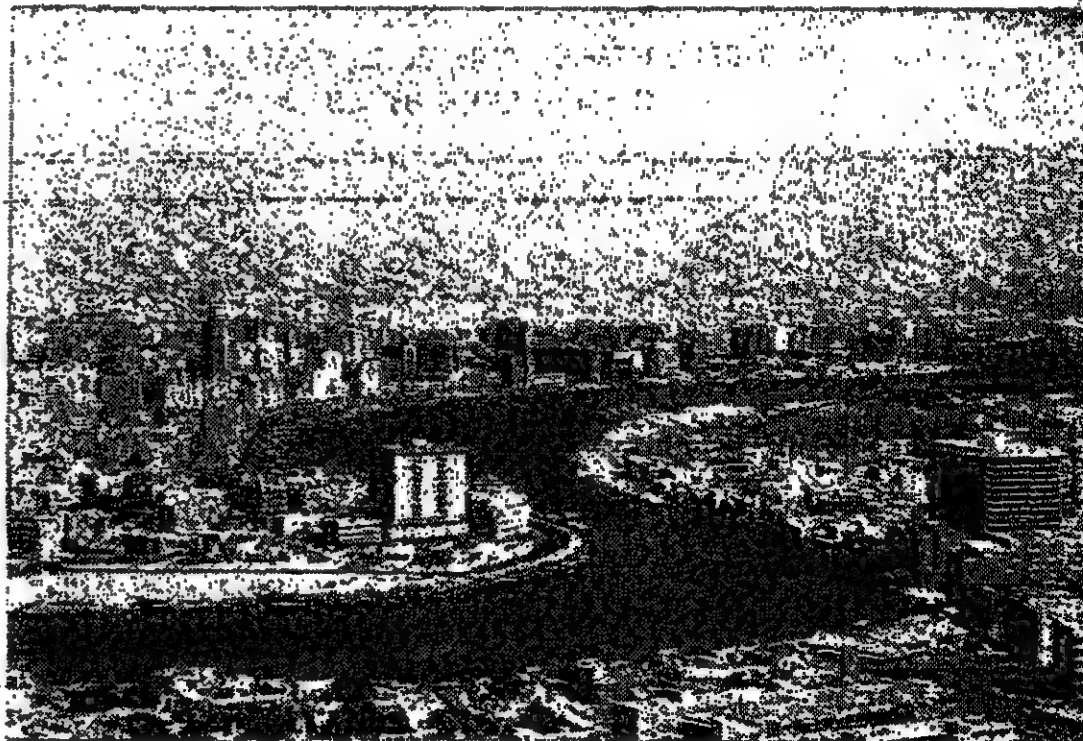
statehood. December 1971 saw the creation of the United Arab Emirates when Dubai, Abu Dhabi, Sharjah, Ajman, Fujairah and Umm Al Quwain merged into a single unit, which Ras Al Khaimah also joined three months later. A Provisional Constitution was promulgated when the union took effect. Once union was achieved, the watchword became 'development'. The Federal

link up the Emirates. Efficient health services were established to serve the Federation. For example in Dubai the modern Rashid Hospital is a veritable showpiece with free facilities that include operating theatres, a well equipped laboratory and X-ray and central sterile supply departments. This hospital has made significant contributions in medical research. The U.A.E. is far more than the mere coming



Dubai's super dry dock, one of the world's largest.

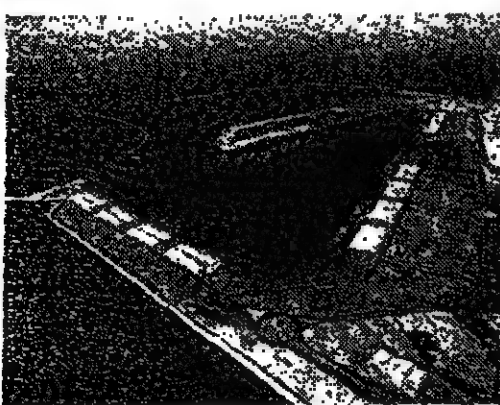
Dubai enters the 80's - progressively



Dubai is a symbol of economic progress that will extend beyond oil.

Dubai: wisely developed as the Gulf's major free trade zone

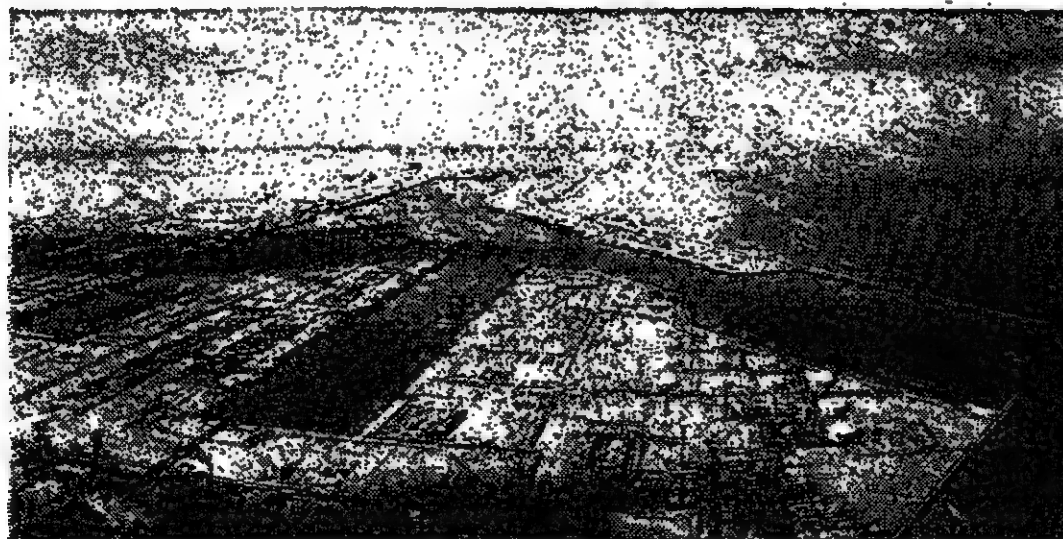
Dubai, traditionally a trade centre where a pearling industry once flourished, is today the commercial hub of the U.A.E. This progress is due not so much to Dubai's strategic location as to the wise pragmatism of Dubai's Ruler, H.H. Sheikh Rashid bin Saeed Al Maktoum. Recognising the reality that oil, first discovered in 1966, would not last forever, His Highness the Ruler envisaged a grand plan that would channel the revenues from oil—for building an industrial infrastructure that would benefit successive generations.



Port Rashid, Dubai's original deep water harbour.

The manifestations of this foresight are many, but a few would provide ample testimony. Port Rashid, Dubai's deepwater port, opened in 1972, is today a major gateway for trade to the entire Gulf region. With its 37 berths, Port Rashid to date has handled ships from 55 international shipping lines.

Dubai also takes pride of place internationally with the super dry dock opened in February

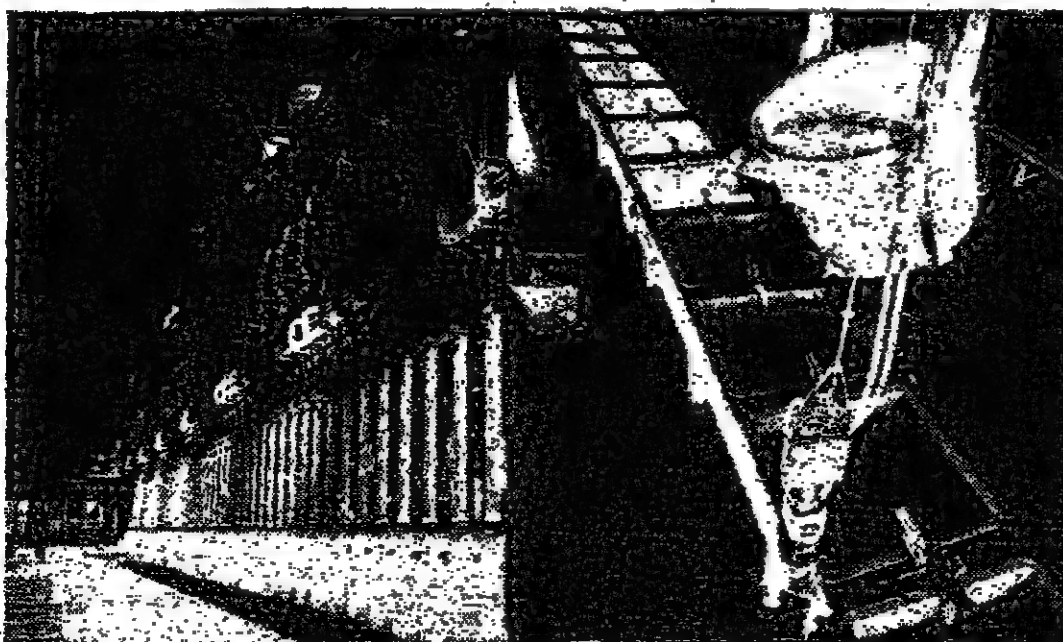


The new deepwater harbour at Jebel Ali. Its beneficial effects will extend for years and years ahead.

1979 by Queen Elizabeth. Certainly one of the world's largest, the Dubai dry dock can handle tankers of up to 1 million tons, and provides services that are unrivalled in this part of the world. Jebel Ali is the current catch phrase for industrial progress in Dubai. This multimillion dollar project 35 km southwest of Dubai is

humming with activity as the massive industrial complex takes shape, nourishing the well established free trade zone. The Port of Jebel Ali, commissioned in 1979 with its 67 berths is one of the world's largest. Around it is growing a network of facilities which includes the now completed Aluminium Smelter.

The new Aluminium Smelter, a part of the growing industrial complex at Jebel Ali.



As its commercial role increasingly gains importance, Dubai is coping with the challenge of playing the role of prime mover.

Dubai's international airport, commissioned in 1971, is the communication link for trade and commerce in the entire Gulf region.

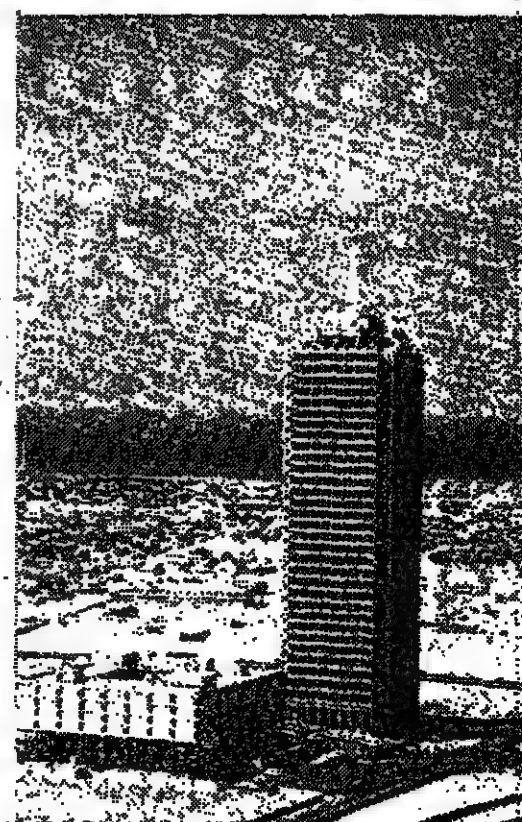
And the central meeting point is the new International Trade Centre in Dubai opened



Dubai's international airport is one of the best equipped anywhere.

In February 1980, which is part of a complex that will provide the ideal ambience where international trade negotiations can take place successfully.

These excellent infrastructural facilities—including adequate power and water sources and an extensive telecommunication network—are further complemented by a healthy business climate,



The soaring International Trade Centre, recently completed, underscores the importance of Dubai on the international trade map.

a politically stable Government and a generous incentive package that includes no taxes. All of which makes Dubai a conducive environment for investment.

Dubai

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Construction

Wheeler dealers exasperate the Government

Competition among contractors for major projects in the UAE has become so intense that only the fittest and strongest can survive. The Gulf used to be thought of as a lifeline for small Western companies in need of the cushion of large advance payments to pump up sagging balance sheets.

Today with the South Korean and other Asian companies well represented the UAE market is as tough as any, although the rewards are still there.

In 1980 on published figures construction contracts worth approximately \$1,720m were awarded in the UAE, comparable to Egypt and bettered in the Gulf by only Saudi Arabia, Iraq and Kuwait. Both local and foreign contractors regarded it as having been a quiet year with the health of the market almost completely dependent on projects emerging from the Abu Dhabi Government and oil sector.

Among worrying trends for foreign companies was the practice of undercutting by inexperienced local firms which quote a low price in the hope of bumping it up

later after the award of the contract. The most spectacular example of this happened, however, when a foreign joint venture quoted for a dredging project.

The Government has responded to chaotic bidding by increasingly reporting to retendering and negotiation after the opening of bids. It is now accepted in Abu Dhabi that, after the opening of sealed bids, a Dutch auction will take place in smoke-filled rooms. Either that or the Government committee in exasperation at the wheeling and dealing will simply declare a rebid. The rebids take determination on the part of the contractor. On an important water pipe laying project from Abu Dhabi to Al Ain last year Hyundai Construction, the South Korean market leader, survived three rebids emerging with the lowest price each time.

Another trend adversely affecting foreign contractors is that, for certain projects, only local companies are being allowed to bid. This has happened recently in the northern emirates where there is a lot of spare capacity among contractors.

The new Sharjah hospital, for which W. S. Atkins of the United Kingdom is consultant, is an example of a job reserved for local companies.

In another case an elaborate prequalification for a police training school by a United Kingdom consultant was overruled when the government ministry concerned simply issued a list of local companies which were to be invited to quote. The job finally went to a Dubai contractor for \$14m.

Such actions meet with the wholehearted approval of some local companies. Mr Khalaf al-Habtour, of Dubai's Harbour Engineering Enterprises, feels that qualified local companies or joint ventures which are genuine partnerships of local contractors and foreign firms should be protected. He believes these categories of company should be sheltered from competition from wholly-owned Arab companies or non-Arab companies which use a powerful local sponsor to win contracts. Mr Habtour says that far from it being the case that local companies are protected, there is "no appreciable difference between the

stiff conditions into contracts on consultants' liability in the event of non-performance. As perceived in the UAE, a requirement to "guarantee a design" for 10 years would often be an impossible condition to meet.

A local company would get round it simply by ignoring the issue but, as one contractor said: "Our lawyers at head office are unwilling to take such a cavalier approach."

Another move borrowed from Saudi Arabia has been to classify contractors according to experience to avoid inexperienced companies bidding on projects beyond their capabilities. If this selection process is adopted in centres other than Abu Dhabi it may help to allay some of the worries expressed by the foreign companies.

Local companies have, however, been building a reputation elsewhere. A number of enterprising Dubai-based companies have quoted for work abroad because of the tail-off in major projects in the northern emirates. The most successful of them, including the Dubai Group owned by Ahmed Baqr, the Dubai businessman, and the Galadari interests of Abdul Wahab Galadari, are already working in Jordan and Oman.

Communications

Road-making projects reflect unity of states

In one of the recent United Arab Emirates government reports a circular diagram shows the country's proportional expenditure on important projects over the years 1972-79 as segments of a circle. By far the largest, amounting to 32 per cent of the whole, is marked simply "road": not housing (the runner-up, with 9 per cent), or schools, or other types of buildings, or health, and certainly not ports which received only a quarter of the road allocation.

True, means of access to the growing modern cities were needed, though the principal ones are on or near the coast, and to the centres of oil production and industry. Moreover, there are no railways, so roads are the only means for transportation on land—apart from the traditional camel or more modern Land Rover.

And now that great highways have been built, the remote northern shores of Arabia are linked with the green, rainy and often noisy lands of Western Europe by huge dusty lorries which carry a remarkable breed of drivers, perhaps a modern equivalent to the merchant venturer captains of long ago.

It can be argued that private investment plays a part in at least some of the development areas shown on the government diagram. But the fact that almost a third of the project budget of a country where the most important centres are accessible by sea for heavy and bulky freight, has been devoted in its first decade, to road construction is of special significance. It emphasizes the unity of the country.

The UAE is a young federation of seven states, some of which are small, on a large land area that is mostly desert. In the past the tiny populations were scattered over this great eastern corner of Arabia as nomadic tribes settled in a few small coastal trading ports, the most important of which was Dubai.

There was little or no land contact between them, or with other countries farther away, such as Oman or Saudi Arabia. Muscat must have seemed to many as far away as the cities of India or Africa. Even among themselves there would seldom be contact except in tribal warfare or on a pilgrimage to Mecca.

As the second half of the twentieth century brought new possibilities to some of these states through the exploitation of their oil deposits, they started to develop independently and to some extent competitively. Then with the great experiment of the federation came also the test of contact, and in this context the reason for the priority given to road building becomes obvious. The great dual carriageway routes that have been constructed are, gradually, knitting together the peoples of the UAE.

Today the Dubaian can spin south-westwards to Abu Dhabi in his car in 90 minutes, attend official or business appointments and return easily the same day. He can spend a day or a weekend on the east coast at Khaymah or Ras al Khaymah or Fujairah. And he can drive as easily to Oman's capital of Muscat or Doha in Qatar. The barriers of distance have been broken.

There is a good, fast four-lane highway all the way from Abu Dhabi north-east to Dubai passing the new port area of Jibei Ali. Beyond Dubai it continues along the coast to Sharjah, Ajman, Umm al Qaywayn stop flights weekly between

London and Abu Dhabi and daily services to Dubai, mostly by way of Kuwait though, with one or two direct flights. Gulf Air also has daily services between London and both Abu Dhabi and Dubai, but all with one, or occasionally two, intermediate stops. It also provides a comprehensive network of services to other airports in and around the Gulf.

Seaports in the UAE have been enlarged and new ones built in the past five years. Abu Dhabi's Port Zayed extended its number of deep water berths within that time.

At Dubai, Port Rashid has continued to expand. During 1979 the cargo berths of the port extension there were brought into full operational use. In the same year the port authorities took over the container terminal formerly operated by the Sealand company, which has transferred to Jibei Ali port, operated by its parent company. The Port Rashid container terminal showed continued growth in handling.

The Dubai Trade Review for 1980 makes these comments about Port Rashid: "The Iranian crisis which developed during the latter months of 1978 continued into 1979 and a total of 110,381 deadweight tonnes of general cargo, 1,491 vehicles and 2,002 containers were eventually landed at Port Rashid for storage and onward shipment."

"Reshipment commenced in April, 1979, and by the end of the year only some 2,000 deadweight tonnes of this cargo awaited shipment. Handling and storage charges were reduced by the Ruler of Dubai for distressed Iran cargoes up to October 1, 1979, when the order was revoked and the full tariff applied to new cargoes."

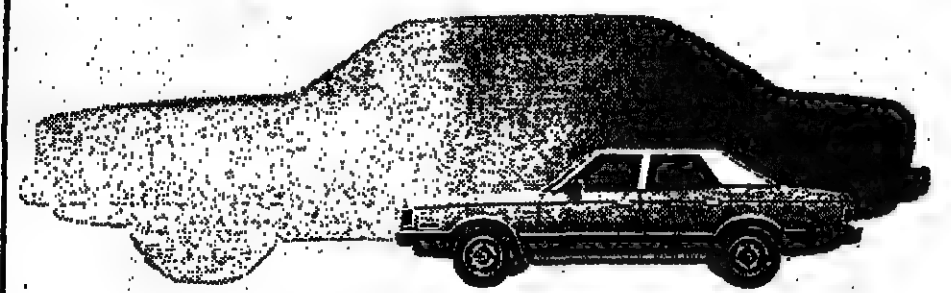
Jibei Ali port, just to the west of Dubai and opened by the Queen early in 1979, has now come into full operation. Sharjah's Port Khalid, which was completed in 1973, is integrated with Sharjah International airport free zone. It is a 12-berth modern deep water port, and its free zone link has been specially designed for the trans-shipment work which is a continuing important factor in the UAE's communications services.

Away on the east coast the new port is under construction at Fujairah. The Emirates Telecommunications Corporation was founded by government decree in 1976, and the telephone and telefax services have been developing steadily since then. There are two earth satellite stations, one at Jibei Ali which is designed to handle 60,000 international telephone calls by 1985, another at Ras al Khaymah and a third for Abu Dhabi is planned. Telephone services are efficient in the UAE and local calls are free.

If prestige projects are to be built—and there are a number of them, including a tourist tower which would be the fourth highest structure of its kind in the world—then these are likely to grace the federal capital. The idea of building a permanent capital for the emirates on the border of Abu Dhabi and Dubai at a wadi ironically called the valley of death appears to have been shelved, although the prospect of getting a silver of that would undoubtedly send the idle contractors in the emirates reaching for their Japanese calculators.

Penelope Turing John Whelan

The GALADARI secret is the bit you don't see



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Mazda (the major Galadari slice of the car market in the UAE) demonstrates this. For cars, the UAE offers the most climatic conditions in the world as well as one of the most competitive markets.

Galadari saw this as an unparalleled opportunity and the key to success—superb technical back-up. With Mazda as their entry—a car unmatched for reliability and endurance—they concentrated on service and spare parts. 1972 saw 200 vehicles sold; 1977-8000! In a market where penetration of the market by Japanese cars is of the order of 70%, the Mazda share is currently 21%.

When you buy a Mazda in the UAE you drive away with a superb car and, equally

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UNITED ARAB EMIRATES

Trade

Prospects good in increasingly competitive market

atisfactory trading conditions and political stability are inextricably bound up. There is this better exemplified than in the politically charged atmosphere of the Gulf area with its regional instability. Anyone who may doubt that has only to look at what has happened in Iran where a flourishing and increasing market for Western exporters collapsed and almost vanished overnight with the fall of the regime of the Shah.

What, therefore, are the prospects for the UAE? There are risks, but otherwise the prospects are good in an increasingly competitive market. As the world recession deepens, particularly in Europe, and as Western exporters have looked over and more to the oil-rich countries of the Middle East for alternative markets, the UAE is one of these.

What are the risks? In the case of a number of countries, the risk is that the UAE's dependence on oil exports, which has been the mainstay since independence in 1971, principally from the historic rivalry between Abu Dhabi and Dubai, the federation has survived for a decade. In the short term, the various rulers, who are united together to hang on to power, are likely to survive. The longer the recession survives, the more likely it is to last.

Internally there are no serious problems in a short term, but in the longer term the fact that the enormous population, which holds the reins of political power, is heavily outnumbered by the immigrant population is a potential threat to internal stability. The police forces, which are efficient and reliable by Middle Eastern standards, are not large enough to control the vast population of the Emirates. If a present regime in Saudi Arabia were to fall, then the Emirates would be exposed to the political tempests of the region, and it is probable that a regime in these states would soon suffer a similar fate.

As regards the stability of the United Arab Emirates, it is perhaps significant that negotiations have been going on recently between the Saudi Arabian and Pakistani governments over the stationing of Pakistani troops in the Emirates.

The wealth of the UAE is overwhelmingly based on the production and export of oil, though only three of the seven emirates—Abu Dhabi, Dubai and Sharjah—are producers. The economy of Abu Dhabi is almost entirely dependent on the production of oil, while in the case of Dubai it is an adjunct to the economy. The fragile economy of Sharjah is largely dependent on revenues derived from the diminishing production of oil. Crude oil production figures for the last 10 years are shown in Table A. The fall in production in Abu Dhabi in 1978 is deliberate, to conserve reserves.

Japan is by far the biggest importer of oil from the UAE, while the United Kingdom

Crude oil production (tonnes m) Table A

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Abu Dhabi	33.4	44.9	50.6	62.6	67.7	67.3	76.8	80.0	69.7	70.2
Dubai	4.3	6.2	7.8	10.8	12.0	12.6	15.8	15.8	18.0	17.6
Sharjah	—	—	—	—	1.4	1.9	1.8	1.4	1.1	0.7

Oil importers from Abu Dhabi (per cent) Table B

	1978	1979	1980
Japan	32.7	31.2	33.8
United States	13.4	12.2	11.1
France	11.8	10.6	10.9
Holland	12.5	7.3	7.5
United Kingdom	3.2	1.8	3.4
West Germany	2.2	5.4	6.3
Italy	2.8	1.4	2.5

dom takes a comparatively modest share. Table B gives the figures for the leading importers of crude oil from Abu Dhabi for the period 1978-80.

It is difficult to arrive at any accurate figures or statistics for imports into the UAE, as there are so many factors and distortions. This is particularly so in the case of Dubai and Sharjah, where so many imports are re-exported. The conflict between Iraq and Iran has only served to distort the figures still further. The recent embargo on trade with Iran resulted in goods destined for Iran being diverted to Dubai and Sharjah, where they were off-loaded and transhipped by air to the southern ports of Iran.

The steep rise in insurance charges for ships entering the Gulf, which has been declared a war zone, has resulted in a great increase in traffic unloading goods for the Gulf states at the port of Khor Fakkan in the emirate of Sharjah in the Gulf of Oman, thus avoiding an entry into the war zone.

The United Kingdom is bringing immigration strictly under control and to limit it drastically. Will it succeed?

The disparity between the figures for "manufactured goods classified chiefly by materials" in favour of Japan is particularly outstanding. Under this heading are motor vehicles, telecommunications and sound recordings and reproducing apparatus and equipment, office machines and automatic data processing equipment, which Japan has succeeded in capturing the UAE market. On the other hand United Kingdom exports of beverages and tobacco to the UAE are correspondingly favourable. One figure that is not shown is that for invisible exports, such as insurance and consultancy, in which the United Kingdom holds a greatly advantageous position.

It is difficult to gauge how the UAE's trade will develop, as it is strongly influenced by some unpredictable factors. In the past decade the increase in population, due to largely uncontrolled immigration, which has risen from about 100,000 to more than a million in 1980, has resulted in an enormous increase in imports of consumer goods. The present policy is to bring immigration strictly under control and to limit it drastically. Will it succeed?

OECD exporters to UAE (percentage share of total) Table C

	Japan	UK	US	W Germany	Italy	France	Others
1978	26.4	21.8	12.8	11.2	6.5	6.3	15.0
1979	23.2	23.1	14.8	10.4	7.5	7.3	13.7

Value of United Kingdom exports (Em) Table D

	1978	1980	% change
UAE (as a whole)	488.2	501.9	+ 3
Abu Dhabi	158.4	214.3	+ 34
Dubai	305.3	270.1	- 12
Northern Emirates	23.5	17.5	- 26

Value of exports to Dubai (dirhams)—1979 Table E

	United Kingdom	Japan
Food and live animals	86,327,379	36,843,845
Beverages and tobacco	105,315,384	1,849,193
Crude materials, inedible, except fuels	113,853,508	2,111,267
Mineral fuels, lubricants and related materials	40,885,128	786,937
Animal and vegetable oils and fats	2,507,867	635,722
Chemicals	283,572,168	26,757,099
Manufactured goods classified chiefly by materials	599,008,588	1,242,145,696
Machinery and transport equipment	1,278,617,741	1,282,593,835
Miscellaneous manufactured articles	206,521,823	377,641,758
Commodities and transactions not classified according to kind	65,076,285	17,060,583

If so, it will have a corresponding effect on the import of consumer goods. The UAE imports most of its food. The present agricultural policy is to make the UAE as self-sufficient as possible in the production of foodstuffs. Anywhere else the cost involved in such unimproving conditions, would render such an intention nonsensical, but in the peculiar circumstances of the UAE it really is worth pursuing. How will industrial development proceed? We have yet to see how successful or otherwise are the major projects recently completed in Dubai and being embarked upon in Abu Dhabi. The re-export trade from the UAE

is likely to develop further as a result of the construction of good deepwater ports, and this is something which is influenced by political events in the area, as we have seen in the case of the conflict between Iran and Iraq.

One fact is clear: that with its production and proved reserves of oil and gas the UAE is per capita one of the richest countries in the world and will continue to be so for many years, subject always to unpredictable political and military developments in the area of the Gulf.

Tim Owen

Relations with UK

Bond still strong between Bedu and Briton

The relationship between Britain and the UAE is an historical one, based upon mutual respect stemming from 150 years of British links with the region, common interest, and the plain political fact that the shape of the federation today has largely been dictated by the colonial policy of the Foreign Office over the past century.

Ingrained in this relationship and complicating it immensely is the almost spiritual bond which seemed to exist between the British colonialist and the Bedu ruler, a link which continues in some forms, even today.

Visitors to Abu Dhabi or Dubai will, when they meet members of the middle and upper classes, be regaled with theories about why this bond should exist.

"We are two people who both believe in values, though those values may be different," is a theory one may often hear propounded.

Then there are the Arabists, T. E. Lawrence, C. M. Donaghay, Wilfred Thesiger, Freya Stark, St John Philby and Richard Burton, full-blooded British individuals who saw in the Bedu way of life an asexual primal existence which, from the point of view of someone for whom the return to the comforts

of suburban London is always a certainty, might seem aesthetically attractive. Thesiger wrote, in *Arabian Sands*: "Men live (in the desert) because it is the world into which they were born, the life they lead is the life their forefathers led before them; they accept hardships and privations; they know no other way".

As one of the most perceptive modern writers on today's Arab World, Jonathan Raban, has pointed out, these are rather strange virtues for an Englishman to note down as matters for approval.

Today Thesiger's strictures, though only designed to describe a world of some 40 years ago, are hopelessly out of date.

The hardships and privations which face most citizens of the UAE are likely to be those concerned with adapting socially to the wealth which they find thrust suddenly upon them. True, this wealth will vary greatly in size, from the overwhelming financial surfeit which is likely to land upon the laps of the middle classes of Abu Dhabi and Dubai to the smaller signs of prosperity of the poorer strata, the move out of an ad hoc compound into a purpose-built house with modern air-conditioning and facilities provided out of the generosity of Sheikh Zayed or Sheikh Rashid.

It is a fact of which none of the latter-day Arabists would approve. But few of the British who now find themselves working in the UAE in the hopes of saving enough money to lay down the foundations for a home in England will have heard of *The Seven Pillars of Wisdom*. For them, the federation is a place to live abroad and in which to be rewarded well for suffering an increasingly few privations, a warm temporary home which is in Arabia more by chance than choosing.

This was probably as true in Britain's colonial heyday as it is in 1981, but while the Arabists have, in the main, disappeared the fascination the Gulf Arabs feel for the British has remained. If they seek specialist medical treatment, they seek it in London; if the summer becomes too hot to bear, they will head for Earls Court; if there is a real round of shopping to be done, then it is Harrods which beckons, not Macy's.

And yet, there are changes. When Britain withdrew from The Gulf in 1971, after carefully deciding the framework of the powers which would succeed it, it was left with a vestigial monopoly over diplomatic influence, the

award of large civil contracts, and the entry into the UAE's most important inner circles.

If a contractor wished to build a new office block, it was assumed that his shoddy work would be turned over to British suppliers. To this day, the international traveller will be amazed to find that most of the UAE's older hotels contain furnishings which, down to the last telephone and washbasin, were manufactured in the United Kingdom. But today the newest hotels are likely to have looked elsewhere for their requirements.

According to a government official directly involved in negotiating contracts with outside firms: "The trouble with the British over contracts is that they have not changed their attitudes from the old days. They still treat us as if we were people who should be sold anything whether we needed it or not."

"They employ the gift of a salesman who will come in and try to sell you an oil installation and, when you say you're not interested, ask you if you'd like a desalination plant instead."

In trade terms, Britain remains second only to Japan in the value of exports to the UAE. But this figure is likely to have been distorted during 1980 by the channelling of Iran-bound goods through Dubai to circumvent the British Government's sanctions imposed over the Tehran hostages.

In real terms, the British presence is considerable but waning, notably in the construction sector and particularly in Abu Dhabi where the French have scored some important contractual successes.

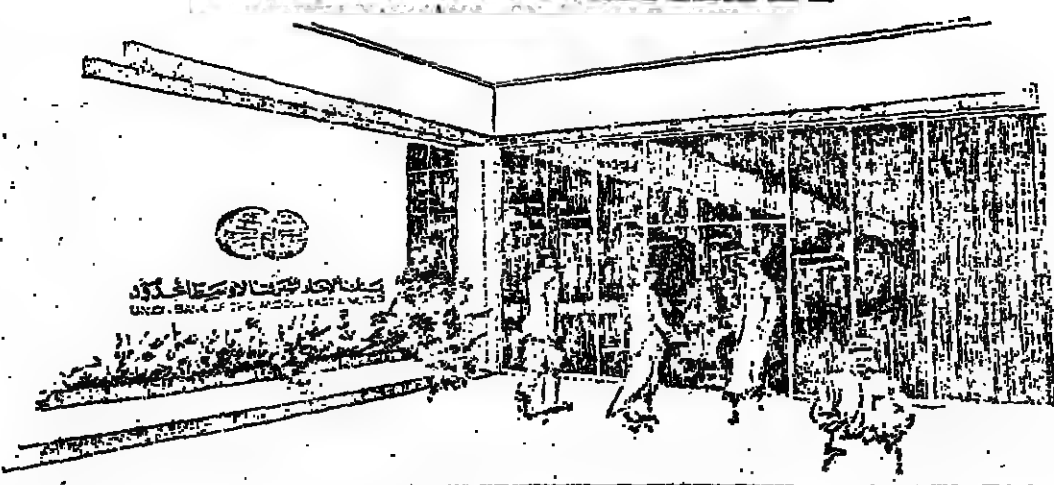
The last available figures show Britain's share of imports falling from 17.8 per cent in 1976 to 15.6 per cent by value in 1979 and when the Central Bank publishes its annual report later this year, the trend is expected to be confirmed for 1980.

The message has not been lost on the British Government, however, which has shown increased interest in sending its senior representatives to the area. Mr David Howell, the Secretary of State for Energy, was well received recently, and the Prime Minister is to make a visit to Abu Dhabi this spring. She is likely to receive a fond welcome, both politically and, perhaps, as a sign that Britain may be making a comeback in the area.

The opportunities are there for, though the United Kingdom may have faded on the trading front, the British are still highly regarded by the business community.

David Hewson

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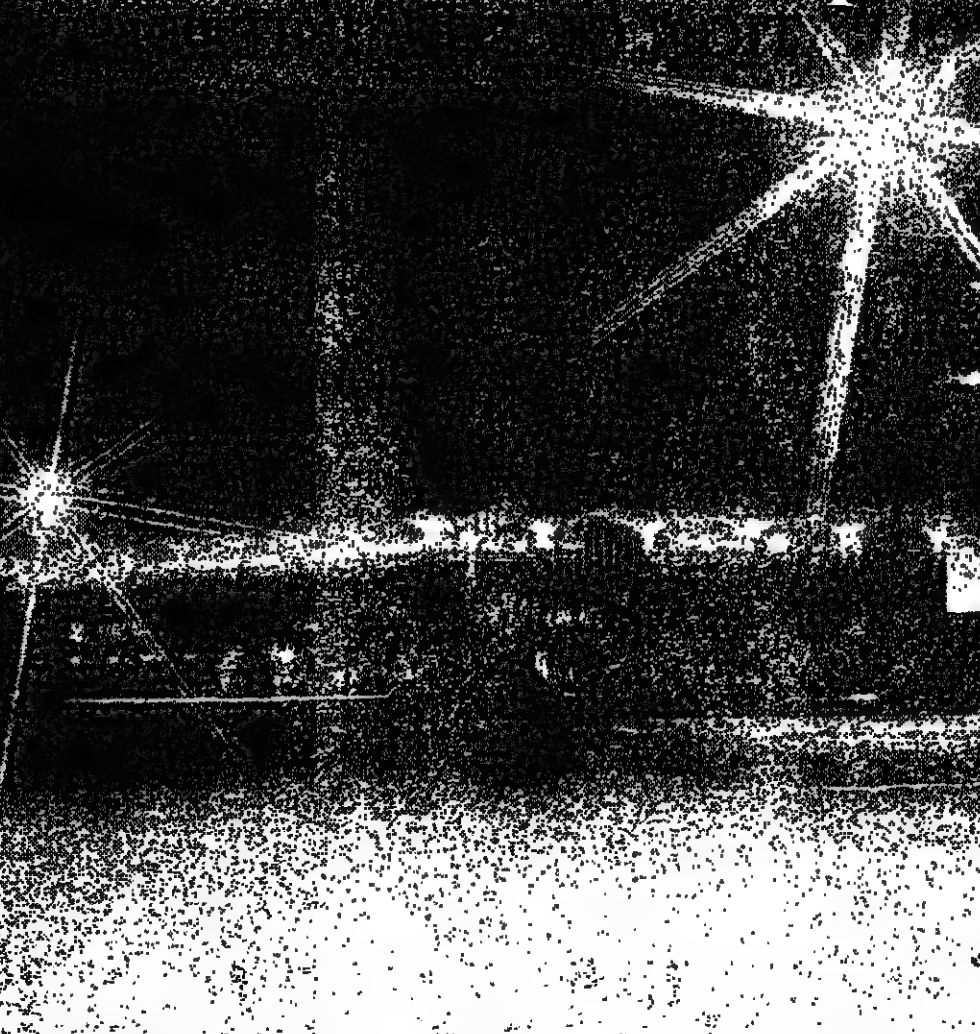
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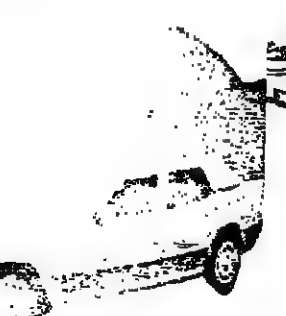
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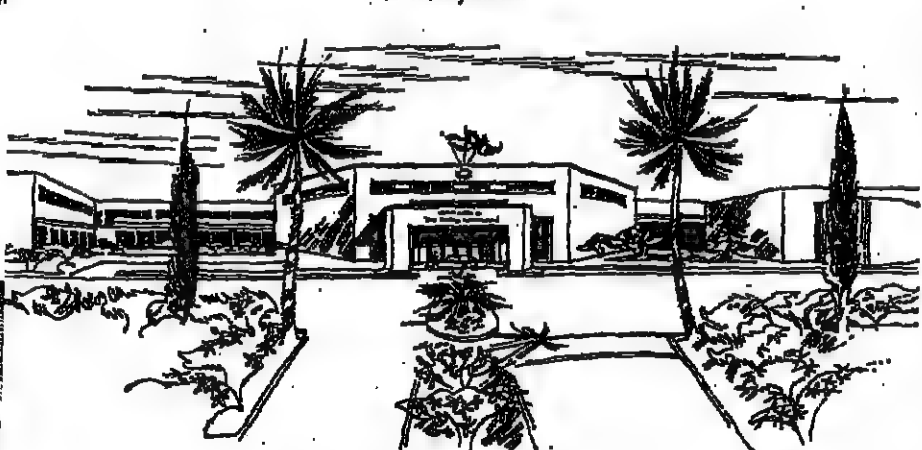
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Education

Intensive development is levelling out

There are signs that the UAE's intensive development in education is beginning to level out. The first eight years, 1972-80, have seen an enormous amount of work in school building and the setting up of the whole educational framework. Now that framework is being filled in, developed and improved in relation to the changing needs of life in the seven member states of the federation.

This is reflected in the budget figures for each year. In 1973 10.5 per cent of the state budget went to the Ministry of Education, amounting to 247,241,820 dirhams, more than half of which was devoted to development projects. During the following years the percentages were 12.6, 9.8, 7.7, 8.0, 12.4 rising spectacularly to almost a quarter of the total state budget—23.9 per cent—in 1979.

In 1980 the figure was 12.2 per cent, though the actual sum involved was the highest in the UAE's history: 1,388,018,200 dirhams. By 1980 the country had a total of 322 schools with 124,019

pupils. The Ministry of Education's schools numbered 256, there were nine defence schools, and private schools accounted for the balance, 57. Nearly half the total of pupils, 56,423, were girls.

The state educational pattern is similar to that of most countries in the Middle East: six years of primary education for ages 6 to 12 years (this is compulsory), then three years in the preparatory grade followed by a further three years of secondary education which may be in general subjects or technical training. Free kindergarten teaching is also available for those aged four and five.

In 1977 the UAE's university at Al-Ayn was opened with 500 students. By 1980 the number had risen to nearly 1,800, and it is planned to take 4,000 or 5,000 in the years to come.

As time passes and children grow up through the school stages academic and vocational training becomes more obviously important. If the UAE is eventually to fill with its own nationals all

the administrative, teaching and other responsible posts for which it now has to employ foreigners or other Arabs, it is necessary to train them.

Thus in addition to the university there are technical schools, commercial schools and agricultural schools. There are also four Islamic religious schools which provide all sides of education through primary, preparatory and secondary grades for 1,600 boys. The total number of teachers in 1980 for all grades in all government schools was 6,300, and more than half of these were women.

Statistically, then, the federation has moved far and fast in its first decade. It would be wrong, however, to suggest that there was no technology have their defects also. For example the young mothers of the UAE have adopted prepared baby foods with an unfortunate enthusiasm. Four fifths of infants up to six months old are now bottle fed. "Disastrous", as Dr Wahab al-Muhaidib remarks, especially in a country where much has still to be learnt about hygiene.

In the West, as he points out, the emphasis of medical opinion is overwhelmingly in favour of breast feeding. In the UAE, where until recently there was almost no alternative, women have to be won back to the practice.

Malaria is endemic and still a problem, though the control measures adopted have had a marked effect. There has been a concentrated campaign during the past three years, and figures show the benefit. In 1978 there were 24,000 known

Rashid, Ruler of Dubai, gave his palace as an elementary school. Girls' schools started soon afterwards, and by 1964 there were more than 30 of them with more than 2,000 pupils.

It was not until the UAE was formed that education was made compulsory in the primary grade. At that time there were rather fewer than 33,000 pupils in all schools and of all age levels from primary to higher education. The difference between that number and the 124,000 registered last year is the measure of the country's educational advance.

Now there is this indication of pausing to take stock, to measure success or failure in different disciplines and to assess where the main impetus should lie in the next few years.

The UAE is undertaking a new five-year development plan. Recently Unesco experts met at the Ministry of Education and Youth's headquarters in Abu Dhabi and set up a committee to determine the general framework of a five-year educational

plan which will be submitted to Mr Saeed Salman, the minister. When approved, the details will be worked out jointly by the Unesco appointees and ministry officials.

The background to this is a council set up under a Unesco contract with the UAE to consider 13 specific points which include general planning, primary teaching and technical teaching, the first discussions for which took place in 1979. There are 10 consultants: one lawyer, one specialist in documentary and library work, one for staff, and seven others who are experts in educational textbooks, school buildings, audio-visual aids, cultural education, social services, teacher training, sports and youth services. All are Arabs, drawn from a number of different countries.

Each consultant has six months to study the present situation in the UAE in his particular field, and he then reports to the ministry's planning department. Some have already carried out their surveys, but they may

not all be completed for another two years.

Health

Emphasis is laid on preventive medicine

As the vast undertaking of establishing modern health services and facilities in the United Arab Emirates has taken shape, and much of it has become fully operative, the focus of priorities has changed. Now in its tenth year the young federal state has already a good basic framework of hospitals and clinics which are being steadily increased and improved, but these cannot fulfil their purpose and service without their acceptance, understanding and use by the people for whom they are designed.

Prevention is better than cure, and the central Ministry of Health is therefore concentrating a great deal of its attention and effort in preventive medicine which has means not only new steps to eliminate or diminish health risks direct and indirect, but also health education.

Dr Abdul Wahab al-Muhaidib, who is the Ministry's Director of Preventive Medicine, is insistent on this,

and cites three main sectors in which this is being carried out: maternity and child welfare, the control of malaria, and health education which is closely related to the first two, but also covers many other aspects and hazards of the changing life of an oil-rich state.

The recent census showed an increase in the female population. More girls are being born, who will be the mothers of the future. The traditional setting for childbirth at home has passed. Eighty per cent of all babies are now born in hospitals, which is a high proportion in a country which has had full and free medical services available only for a few years, and where there is a deeply-rooted sense of modesty and privacy in personal matters. The number of births registered in 1980 was 33,000.

The whole maternity and child welfare service is being reorganized and extended. There are now nine specific maternity and child welfare

centres throughout the country, and the work has developed by more than 200 per cent in the past year or two.

But new ways and modern technology have their defects also. For example the young mothers of the UAE have adopted prepared baby foods with an unfortunate enthusiasm. Four fifths of infants up to six months old are now bottle fed. "Disastrous", as Dr Wahab al-Muhaidib remarks, especially in a country where much has still to be learnt about hygiene.

In the West, as he points out, the emphasis of medical opinion is overwhelmingly in favour of breast feeding. In the UAE, where until recently there was almost no alternative, women have to be won back to the practice.

Malaria is endemic and still a problem, though the control measures adopted have had a marked effect. There has been a concentrated campaign during the past three years, and figures show the benefit. In 1978 there were 24,000 known

supply and sewage disposal where a good deal remains to be done.

Much attention is therefore being given to the development of health education both directly through the media and the educational system. Today 50 per cent of mothers in the seven states of the UAE are still illiterate, but there are about 100,000 students in the schools and universities, about a tenth of the total population. There is thus scope for health instruction at all levels.

The promotion of health education is being planned on a national basis, and will include all the Gulf states from Kuwait to Oman. For the past eight months they have had a joint programme arranged by the ministerial area council.

This includes an anti-smoking campaign: warnings have been intensified, and cigarettes may not be advertised on television where you will no longer

find advertisements for proprietary infant foods either. By June 1982 the whole co-ordinated area health education programme should be working.

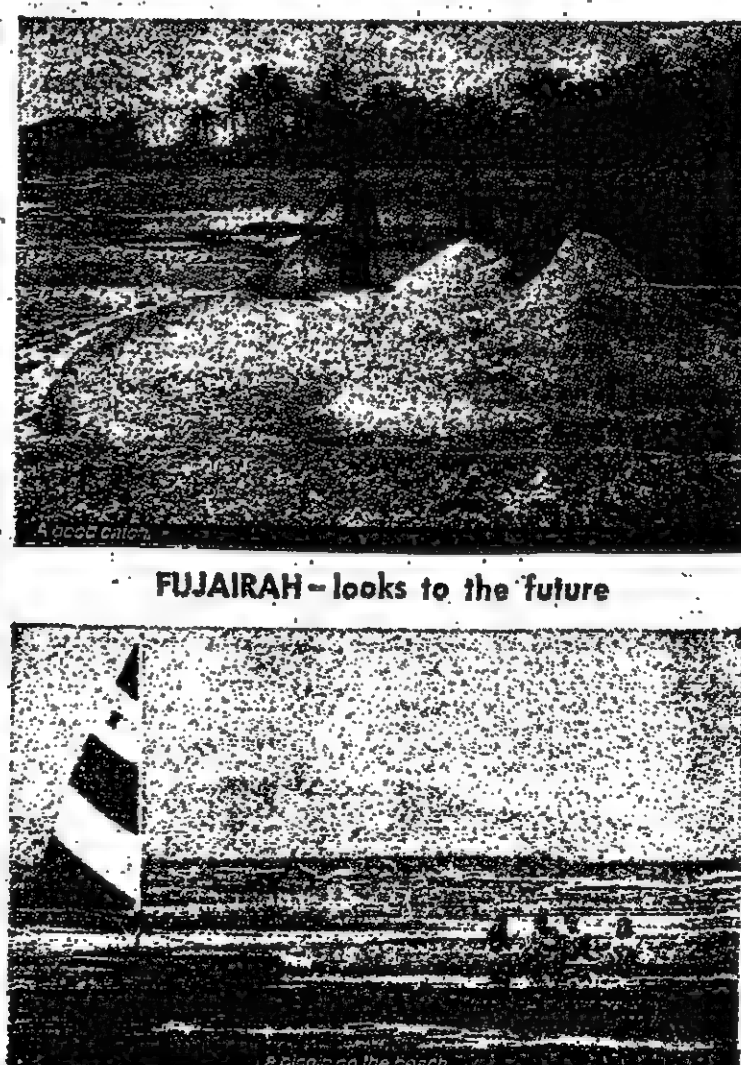
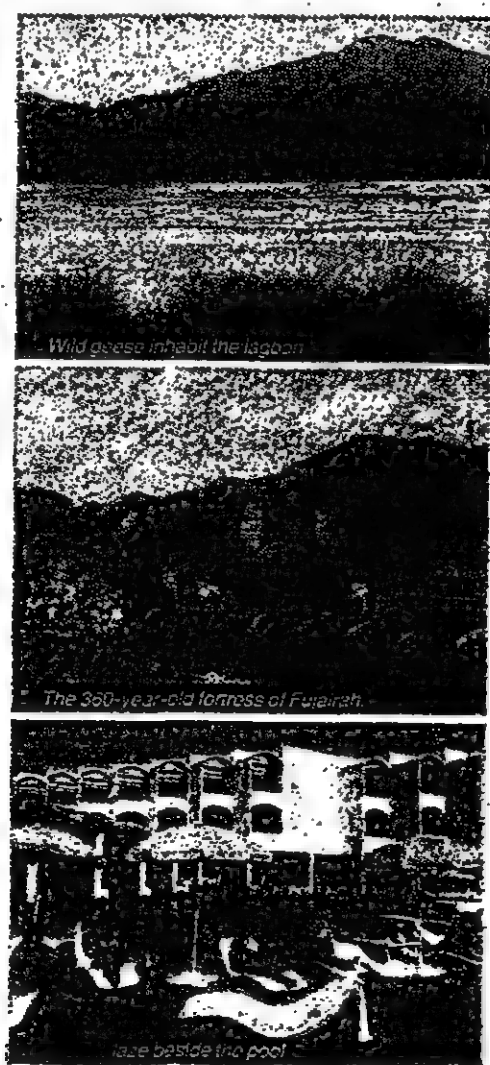
The more direct forms of preventive medicine by vaccination against polio, measles and other infectious diseases are proceeding steadily. Now between 60 per cent and 70 per cent of children born in the country are immunized in this way, thanks largely to the fact that four fifths of the babies are born in hospital.

There are about 20 hospitals in operation throughout the seven states of the federation, compared with 16 in 1978. Others will be added in the next few years. Fujairah has a 200-bed general hospital under construction at a cost of 75m dirhams, scheduled for completion this year.

A new general hospital in Sharjah which will provide 320 beds at an estimated cost of 150m dirhams is at the planning stage, and a 50-bed

hospital at Diba, on the east coast, is being designed.

FUJAIRAH CELEBRATES THE TENTH ANNIVERSARY YEAR OF THE FORMATION OF THE FEDERATION OF THE UNITED ARAB EMIRATES AND LOOKS FORWARD TO THE FUTURE



TOURISM

Fujairah is an area of outstanding natural beauty and contrasts. The high mountains, green oases and unspoiled bays and coves provide an idyllic setting for the holidaymaker. For those travellers who seek a resort unspoiled by skyscraper hotels and tourist traps, Fujairah has the most appeal. In Fujairah there are two hotels, the Hilton International with 110 rooms and 10 chalets, the Fujairah Beach Hotel with 28 rooms, and there are the 20 Agas Chahars on the southern beach. The hotels have swimming pools, beautiful gardens, tennis, billiards and an adventure playground. Fishing trips, water skiing and diving equipment are also available.

Travelling by car or landrover in Fujairah you can spend the day in one of the many beautiful deserted coves or bays of Fujairah—swimming, picnicking and congratulating yourself on the fact that you have really got away from it all to a haven of peace with its beauty unspoiled by modern civilization.

Suggested day trips —

- (1) Dibba—The northernmost town in Fujairah with a history dating back to the Phoenicians.
- (2) Hayl Oasis—In the mountains: Hayl's landmark is its picturesque fortress.
- (3) Wadi Al Woriah—Picnic beside the waterfalls.
- (4) Bathnah Fortress—The 360 year old fortress of Fujairah.

Temperature: Winter (Oct-March), Min. 15°C. Max. 30°C.
Summer (April-Sept.) Min. 20°C. Max. 40°C.
Humidity rises June-September.

FOR DETAILED INFORMATION CONTACT:

Govt. of Fujairah,
Post Box 1,
Fujairah, UAE.
Tel.: 89000 Sharqi EM.
Tel.: 22443, 22343, 22111.

THE FACTS

Fujairah is situated on the East coast of the Gulf of Oman, the surface area is 1450 km, and is a land of high mountains and narrow valleys. The population is 35,000, the majority of whom are employed in the fishing and agricultural industries. The new roads system linking Fujairah to the other Emirates has broken an isolation that had existed for centuries. This long forgotten land is now open to travellers and the new port and road facilities have attracted several industrial ventures.

PORTS, COMMUNICATIONS AND INDUSTRIAL DEVELOPMENT

Ever since Fujairah joined the Federation of the United Arab Emirates, top priority has been given to the expansion and development of the road network. Fujairah is now within easy reach of the other six Emirates and Oman, and the new harbour, which has its strategic location on the Gulf of Oman, will be completed during 1981 and having both container and general cargo terminals, will facilitate the all round development of the Emirate.

Fujairah has made rapid strides on the industrial front and already boasts factories producing marble, tiles, mineral water, cement, blocks and shoes.

Fujairah, looking towards the future, has ambitious plans for development—a Ceramic Tile Factory, utilizing the locally available clay; and a Rock Wool Factory, using local raw materials which include copper, chrome and high quality limestone. In the Food Production Sector, there are plans for a Poultry Farm, a Dairy Farm and for increasing the agricultural production for fruits and vegetables—in both greenhouse and open field plantation—and the establishment of a Food Industry Project.

The Government of Fujairah is highly interested in viable projects to be implemented in the Emirate of Fujairah, and will provide all facilities to promote new projects. The Department of Industry and Economy is responsible for all development projects and the Ruler of Fujairah H.H. Sheikh Hamed bin Mohamed al Sharqi is making every effort to ensure that the natural beauty of Fujairah is fully preserved and that the flavour and way of life of the people of the Emirate is protected.

فجيرة من الأصل

UNITED ARAB EMIRATES

though not everyone's idea of a resort area, the region is making a bid for tourists.

Penelope Turing outlines some of its attractions and ambitions

Hoteliers urgently looking for business

two principal cities of UAE, Abu Dhabi and Ajman, which are the entry points for most visitors, have been constructed to the state of the art. The oil rich lands have no direct need of the minimal earnings of a young tourist industry. This was apparent by the absence of UAE government participants at a travel conference in Dubai last November which was designed to promote the better type of tourism both into and out of the whole Arab world.

On the other hand sections of private and semi-private enterprise in the country are beginning very much to need tourism. Hence the present initiatives.

Only a few years ago there was a disastrous shortage of hotel accommodation for visiting businessmen. Hotel building was encouraged and international

al hotel chains rushed in. Now there is a large number of luxury establishments in Abu Dhabi, Dubai and Sharjah with excellent facilities, good food and service, swimming pools and other amenities. All these hotels are licensed to serve alcohol, which is not permitted to independent restaurants.

But the number of rooms available has exceeded demand, so that hoteliers are urgently looking for business. Some Abu Dhabi hotels claim to be fairly well filled, but in Dubai, which has much more accommodation, and in Sharjah, some are almost ghost palaces at times and managers are delighted if they can show a 50 per cent average occupancy.

In transportation, although the position is not so acute, there are seats to be filled. Both main cities have an

extensive range of world air services by about 30 international airlines. At peak periods, such as when the children of European expatriates are travelling out and back during school holidays, the flights may be full, but for a lot of the time there are empty seats on the big 747s and TriStars which the airlines would like to fill.

There is no sign that services or seats will be reduced. In the case of Britain alone, in addition to the extensive services of British Airways and Gulf Air, British Caledonian now flies London-Dubai on its Hongkong route and efforts are being made to bring Lakar into the region. Apart from two basic needs for a holiday—accommodation and transport—the emirates also offer a hot, dry, sunny climate which is pleasant for nine months of the year.

Second, the notion of excessive costs must be dispelled. Living costs in the UAE are high, and salaries commensurate, but hotel charges are no longer high in proportion to many other parts of the world.

Taking a few as a sample: the Dubai InterContinental quotes £55 for a single room, the Hilton £37.50 and the Metropolitan £33.50. In Abu Dhabi the Sheraton's figure is £53, the Meridien £38 and the Holiday Inn £32.

The cost of a 'double' room is seldom more than a further £10 and sometimes less. These are the official prices, as hoteliers remark wryly, they are often negotiable when occupancy is low.

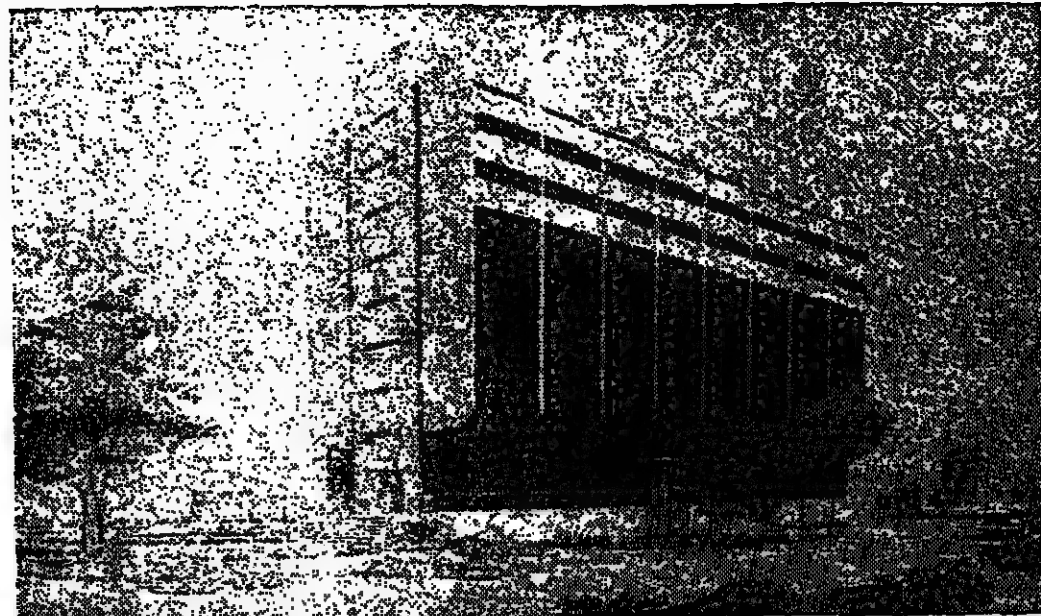
In relation to London these charges are not exorbitant, nor are meals in the hotels; a good meal, without drinks, in the coffee shops can be had for £5 to £7.

The third hurdle is the real problem—the high cost of air fares. A recent agreement between the airlines concerned brings the London-Abu Dhabi and London-Dubai return down to £450 under certain conditions and £388 to tour operators when arranging an inclusive holiday. This is a considerable improvement on the existing £617, but it is still not low enough for competitive tourism.



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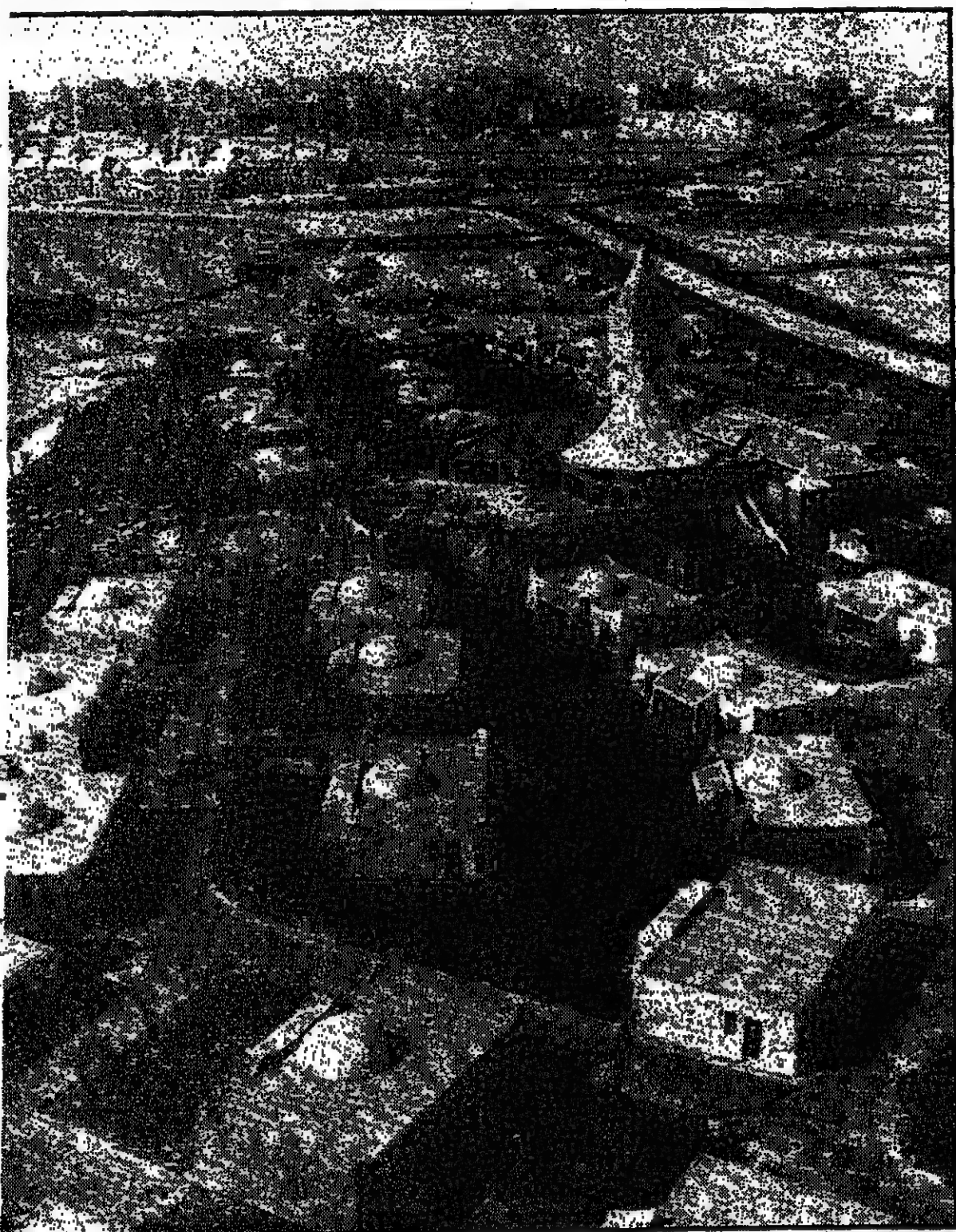
Extract from the 1980 Unaudited Accounts
(In Millions of U.A.E. Dirhams)

Share Capital	42	Cash and Balances with Banks	68
Reserves	25	Deposits with Banks	102
Customer Deposits	861	Loans and Advances	858
Deposits from Banks	92	Fixed Assets	19
Other Liabilities	29	Other Assets	2
	<u>1,049</u>		<u>1,049</u>

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exclusive Marbella Club is set beside the Khalid Lagoon in Sharjah.

Package holidays may be on the way

the inhibiting air fares have been marketed in a way, and show positive results.

Sharjah which has a certain light-hearted atmosphere has been early to take this business. Seven travel agencies have been set up in their programmes.

Sharjah, for long a port and trading centre, has the picturesque quality of its quays and dhow still load and unload the traditional wooden boats, the dhows, ply across the creek, also has a more relaxed, metropolitan atmosphere in Abu Dhabi and is likely to prove the focal point for the future of the emirates.

Mr. Maurice Flanagan, managing director of NATA, is one of the people most interested in and forthcoming about tourism in the emirates. Charter flights, he is sure, are not the prescription for holidays in the UAE, though they are one way of obtaining adequate numbers of tourists on scheduled services. It is this where tourists are needed, so tour operators' thinking should be channelled into groups of 20

to 50 on regular services. The services provided for the visiting businessman are equally suited to the leisure traveller.

Already DNATA is handling groups from Australia and New Zealand which make this a stopover on their way to Europe. This started with a simple sightseeing excursion to interest travellers who had a 12-hour transit stop in Dubai, and is now a packaged stopover holiday which can be extended to 10 days.

Although most short-term visitors from the United Kingdom do not need visas, generally speaking visas and a sponsor within the country are required for entry into the UAE. This is something which DNATA handles for groups organized by them, but at the Arab Travel '80 conference held in Dubai last November a number of speakers emphasized the need for the whole visa system to be simplified in the UAE and other Arab countries.

British Airways with its frequent services into both Dubai and Abu Dhabi is particularly interested in the future of holiday travel and is hoping to offer a two-week package in the UAE in its Sovereign Holiday programme for the winter 1981-82. This may be based on two new hotels, a big resort one with 300 rooms at Jibel Ali, close to Dubai, which will have its own marina with boating, water skiing, and facilities for horse riding, such as the 50-room Harta and the 40-room Harta Hotel Island, in a mountain

and desert setting. The inclusive cost of such a holiday should be about £500.

Apart from the package holiday there is scope for developing the 'visiting friends and relatives' market which accounts for a significant proportion of airlines travel between Britain and the United States, Canada, Australia and New Zealand.

There is also a call for conference business, although it cannot be channelled into the off-peak holiday seasons as in so many European resorts, because the 'trough' months of June to September are too uncomfortable climatically. However, with the hotel availability and Dubai's fine Trade Centre there is plenty of scope for large or small conference business.

As far as the independent visitor is concerned he will find the countries of the UAE welcoming and relatively well organized. For example, at Dubai airport there is a desk where you can pay in advance the official charge for a taxi to any hotel, thereby obviating the problems of haggling over the price on arrival.

Local taxis are cheaper than those in London. In Abu Dhabi a 10 to 15 minute drive will cost less than 50p, and in Dubai the accepted fare to go anywhere in the town and its environs on the Dubai side of the creek is 5 dirhams, about 65p. In Abu Dhabi the InterContinental and Sheraton are the most expensive hotels, and like the Hilton and Meridien offer international de luxe standards.

The Holiday Inn provides near luxury accommodation, in general and well known for its cuisine.

Dubai's InterContinental Hotel remains the 'classic' with the highest tariff and is the traditional meeting place for business visitors. The Sheraton and International come next in price range, then the Hilton, which is part of the Trade Centre complex. There is the elaborate Wyndham Regency.

The Metropolitan provides excellent value for money and is keen to supply the needs of British visitors, being run by a British company. It is one of seven on the Abu Dhabi road not far from the Trade Centre and Jibel Ali port. The Excelsior, Chicago Beach, Astoria and Carlton Tower are all slightly cheaper and accustomed to international travellers.

Sharjah's Meridien Hotel is by far the most expensive; an attractive, spacious building with a charming pool area. Among others are the Carlton, the Holiday Inn, the Beach, Novotel and the Aladdin.

In other cities choice is more limited. Fujairah has a new Hilton, Khor Fakkan a Holiday Inn, Ras al Khaymah the Ras al Khaymah Hotel. Although officially the visitor is not permitted to bring alcohol into the UAE its airports are well provided with duty-free facilities for the outgoing passenger. Dubai prides itself on having the cheapest duty-free shop in the world, where a bottle of whisky costs less than £1.

The efficient use of natural resources is a matter of life or death.

In Dubai, we believe that our natural resources should be used as efficiently as possible — and should benefit all our people.

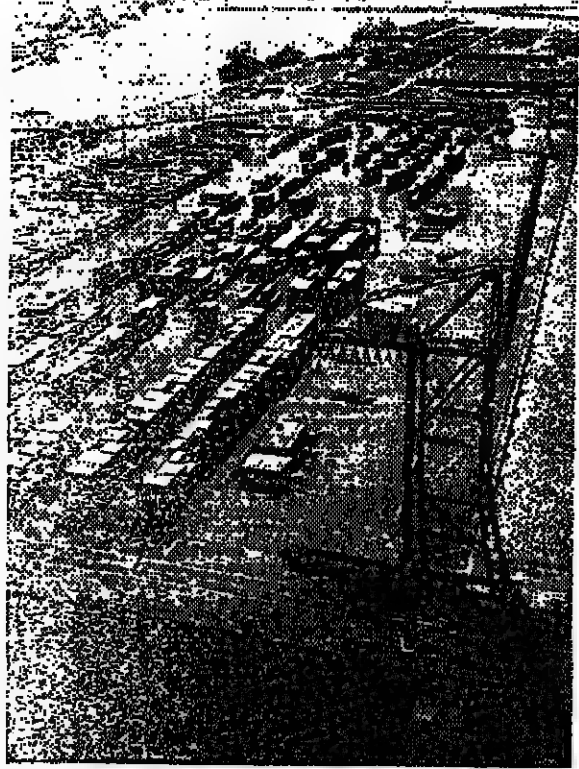
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The Port Rashid Extension in Dubai showing the new container terminal



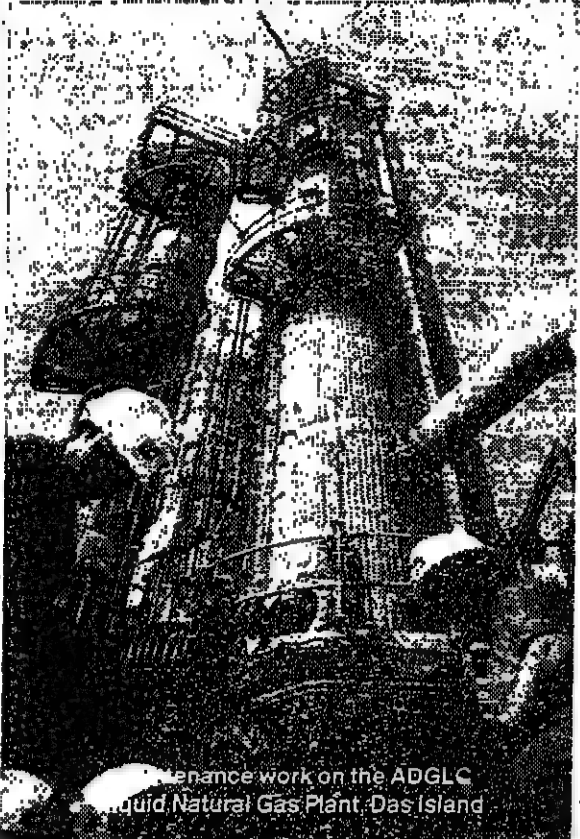
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Business

Careful homework needed to avoid mistakes

Businessmen who are planning to enter the UAE market for the first time should study it before doing so. The way to big profits is not as simple as might first appear, and misconceptions can lead to many pitfalls.

The UAE is a federation of seven emirates, which over the past decade since its inception has managed to unify many aspects of its organization such as its currency, customs and excise, and postal services. One important exception is the economy: each emirate retains control of its own natural wealth and resources as laid down in the federal Constitution. Most importantly, this applies to oil, natural gas and other mineral resources. This is one reason why until recently it has proved almost impossible to produce a federal budget.

Each emirate is a separate economic entity, the basis of which differs greatly for each, and must be treated as such by anyone doing business there. The economy of Abu Dhabi is based entirely on oil, which is its only natural resource. Even now this is limited to the production and export of crude oil, although steps are being taken to diversify the economy by the construction of the Ruways industrial area in the desert to the west of Abu Dhabi. Original plans for this have been modified so that production will be limited to the petrochemical industry. This will include a refinery, liquid natural gas, and fertilizers.

By contrast, the economy of Dubai is historically based on the import-export trade, with the production of oil as a recent adjunct to its economy. Dubai is a minor oil producer, only from an offshore field. The merchants are always quick to take advantage of any regional economic situation. The disparity in the price of gold between the Gulf Umm al Qaywayn from its sub-Indian sub-continent led to a flourishing gold smuggling trade from Dubai into the sub-continent, upon which the economy of Dubai flourished for many years.

Dubai has recently embarked on a large-scale diversification of industry with the construction of an aluminium smelter which is already producing and an industrial port at Jibal Ali. The Dubai drydock, completed some time ago, awaits a management agreement before it can begin to operate.

The economy of Sharjah, only 10 miles from Dubai, has overreached itself and has been ailing badly. Many businesses have burnt their fingers and some large debts have been outstanding for several years. The economy has been based on the revenues of an offshore oilfield, the diminishing revenues of which are shared with Iran and Umm al Qaywayn. Sharjah has attempted to benefit from its proximity to the flourishing Dubai with mixed results. Hotels built to take advantage of this, and offering cheaper prices than those in Dubai, have met retaliation from that direction.

Hope is rising again in Sharjah after a recent oil and gas discovery on the mainland and as a result of the conflict between Iraq and Iran. A deepwater port with roll-on, roll-off facilities has been built at Khor Fakkan on the Gulf of Oman, where goods for the Gulf can be unloaded out for the Straits of Hormuz, thus avoiding the high insurance rates for the Gulf. The port of Sharjah has benefited from the conflict in the same way as Dubai, offering offloading and storage facilities, and even consignment of goods to Iran.

Ras al Khaymah, again, provides a sharp contrast with the economies of the other emirates. So far, in spite of many false alarms

over the years, neither oil nor gas has been found in commercial quantities in Ras al Khaymah. However, the emirate does possess two resources lacking in the other emirates so far mentioned: fresh water and stone lying at the foot of the Hajar range. Ras al Khaymah benefits from the run-off of the rain which falls over the mountains, mainly during winter.

This permits a limited amount of agriculture based on groundwater irrigation, and particularly during the winter months Ras al Khaymah supplies fruit and vegetables to the populations of the towns along the southern shores of The Gulf. Stone for building and limestone are quarried in Ras al Khaymah, and exported around The Gulf. Stone is almost completely lacking along the western and southern shores of The Gulf, and has been greatly in demand in recent years for deepwater port construction and other building purposes.

The remaining three emirates of Umm al Qaywayn, Ajman and Fujairah are either so small or so lacking in resources that their economies are negligible and they rely on federal assistance or assistance from the wealthier emirates for their development.

Fujairah, whose only coastline is on the Gulf of Oman on the far side of the Hajar range, has until recently been almost cut off from the rest of the UAE. The construction of a Tarmac road through the mountains has mitigated its isolation. Fujairah has potential for the rich fisheries of the Gulf of Oman, and limited agriculture in the wadi beds between the mountains. The possibility of the discovery of offshore oil should not be discounted.

A United Kingdom passport holder no longer requires a visa for a visit to the UAE not exceeding 30 days, and he can enter or leave the country at any point. The passport must be endorsed "Holder has right of abode". There are government departments, such as the British Overseas Trade Board in the Department of Trade, whose export services and promotion divisions can help businessmen before embarking on a venture in the UAE.

Better still is to join a trade association, such as the Middle East Association, of Bury Street, in London, which exists for this purpose and will supply the businessman with the briefings he requires. Such an association will also advise businessmen on when and when not to visit the UAE.

How many British businessmen arrived with limited time at their disposal only to find that it is the month of Ramadan, when the conduct of business is at a low ebb, or that their visit coincides with a three-day religious festival than those in Dubai, have met retaliation from that direction.

An early visit to the commercial section of the British Embassy is strongly advised. Should you get into any difficulty—such as knocking over a local inhabitant when driving a car, the embassy will start looking for you if it knows you are in the country.

The commercial section can help in other ways. The commercial secretaries are proficient, enthusiastic and experienced. With their local knowledge and personal acquaintance they can offer much valuable advice, supply useful information, and save you much time.

Much leading Arab businessmen in the UAE speak good English, are well-travelled, and are accustomed to dealing with European—



Sharjah's fruit and vegetable market place offers a wide choice.

and particularly British—businessmen. There are certain basic principles, however, which the visiting British businessman should observe if he is to achieve a deal. Arabs attach much more importance to personal acquaintance than do Europeans. Several visits are normally required to bring off a deal, and they like to see the same person each time. A different face on each visit in connexion with a deal only irritates them and this cannot help.

Arabs consider that your dress and appearance is related to the importance which you are according them. An open-necked shirt, slacks and sandals are counter-productive, and a suit—regardless of the weather—is essential when calling on a minister.

They consider time of little importance, and regard Europeans' obsession with it with tolerant amusement. Nevertheless, they will expect the European businessman to keep an appointment punctually, even though this does not necessarily apply to themselves.

Business discussions are liable to be interrupted by frequent visitors and telephone calls. Do not therefore try to fit in too many business appointments in any one day; otherwise you are liable to suffer considerable frustration. If subsequent disputes are to be avoided it is important to keep agreements as simple as possible, with particular attention to the meaning of contracts, payment clauses, and the definition of a contractor's duties.

Increasingly the vehicle for doing business in the UAE is the joint-venture company. However, before entering on a joint venture

the British businessman should study what this involves and how it is seen by the local Arab merchant. He will expect to be involved, whereas the British partner may require him only in the role of a sponsor. Failure to understand this can lead to friction and disputes. The local demand is increasingly for skill and not just profits.

Much attention should be given to the establishment of agencies. Suitable agents can be found only by personal contact. There is as yet no federal agency law. A federal agency law (6/75) was passed but was never brought into operation. In Abu Dhabi law 11 of 1973 is the relevant law but is out of date and only loosely applied. Only Abu Dhabi companies holding an Abu Dhabi trading licence may legally hold an agency, and agency agreements must be registered with the chamber of commerce.

It is difficult to terminate an agency agreement, so it is advisable to start with an informal agreement for a trial period before registering an agreement. In Dubai and the other northern emirates there are no agency laws or regulations, although the chamber of commerce in Dubai does stipulate that once an agency agreement has been made with a local agent it may not be taken over by a foreigner.

As in Abu Dhabi it is difficult to terminate an agency agreement, and it is advisable to consult the commercial section in the British Embassy in Dubai before attempting to do so. (For historical reasons there are two British embassies in the UAE—in Abu Dhabi and Dubai—although there is only one ambassador resident in Abu Dhabi.) For all these reasons separate agents should be appointed for Abu Dhabi, Dubai and the other emirates.

In January 1980 federal

legislation was passed which was aimed at stemming the tide of illegal immigration and controlling the numbers of expatriates working in the UAE. It affects Europeans as well as Asians and others. Any employee relinquishing his job or changing sponsorship must leave the country for a minimum period of one year. It remains to be seen how this legislation, which has caused consternation in Asian circles, will work out.

Any company intending to establish itself in Dubai or Sharjah must obtain a licence from the municipality and join the chamber of commerce before starting operations. A foreign company wishing to open a branch or wholly-owned subsidiary must find a UAE citizen as a guarantor for 100,000 dirhams, but no guarantee is needed for a joint venture.

In late 1980 a new tender law was circulated by the federal Ministry of Finance and Industry regarding procedures to be followed in buying materials and dealing with contractors. Contracting business and materials bought from the local market must be assigned to companies owned by UAE nationals or having 51 per cent of their capital owned by UAE citizens. Tenders worth more than 10m dirhams must be approved by the federal Cabinet, and those in excess of 5m dirhams by the Minister of Finance. The chairman of the tenders committee may approve tenders not exceeding 500,000 dirhams.

The purchase of materials by direct order can be authorized by the Assistant Under-Secretary of the Ministry of Finance for orders not exceeding 100,000 dirhams. The Under-Secretary for orders up to 250,000 dirhams, and only the Ministry of Finance for orders exceeding that.

Tim Owen



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UNITED ARAB EMIRATES

Expatriates

Not only the money lures them back

It is only here for the money. What else is there? British expatriate in Dubai. A moment later he says: "Actually, it's not so much the money. This is one of the best places in the Gulf. We have a social life—no end of parties and barbecues on the beach. There is swimming, water-skiing, surfing." His smile widens: "My boys are attending school in the United Kingdom always look forward to their holidays. Plenty of things for them to do, such as visiting, sub-aqua diving on the coral reefs."

It is common to meet expatriates who came to work in the UAE for two or three years, fully prepared to write the time off as lost, yet who stay for five more years. A surprisingly large number of those who have completed their term of service in the Gulf are not only the money that lures them back, but for the British, the largest expatriate community in the UAE, the United Kingdom is far away where the life is a great deal more orderly. Telephones always work, you never get sold short, reality can be disappointing. Gloomy Britain compares favourably with the pace of the oil-rich sheikhdoms flowing with petrodollars. They are states running catch up with the twentieth century, lands of opportunity and one of the frontiers of unadulterated private enterprise.

Westerners taking a job in the UAE can expect to earn to 90 per cent more than they would for the same job in the UK. Salaries in the two employment centres, Dubai and Abu Dhabi, are roughly the same, although, if anything, Abu Dhabi has the edge.

According to a survey by ondon-based management consultant, Executive Resources International (ERI), the emirate manager of a construction firm earns upwards of \$3,400 a month—tax free—while at the lower end of the scale a foreman is home \$1,770. The monthly salary of a chief executive of a commercial ration is about \$3,270. A

marketing/sales manager or a personnel manager earns about \$2,725 monthly.

While the job titles may be the same as those in the West, the work can differ greatly. The demands of developing countries, such as inefficient bureaucratic systems and rather haphazard services and communications, make the day-to-day administration of a business a tiresome and irregular task. At senior management levels a strong commitment to business-oriented social life is also expected.

A great many Western women whose husbands work in the UAE also find employment, particularly in public relations and as secretaries. The monthly salary for a secretary ranges between \$950 and \$1,360.

The standard working week is a six-day 48-hour week, although many companies work only a half-day on Thursdays. The normal leave for expatriates is 30 days a year.

Living costs depend on a great extent on the fringe benefits included in an expatriate's contract. Management staff are usually allowed to bring their families. They can expect free furnished housing, a company car and free travel home for the whole family at least once a year.

Overall living costs—excluding accommodation and transport—are roughly the same as in London. Abu Dhabi is marginally more expensive than Dubai and the rest of the northern emirates. The monthly budget for food and drink for a family of four in Abu Dhabi totals about \$688. The same purchases in London work out at \$652 and in Dubai at \$642. Broken down into categories the Abu Dhabi costs are: meat and fish, \$210; fruit and vegetables, \$109; groceries, \$290 and alcohol and soft drinks, \$79. What local produce there is tends to be cheaper. Fresh fish—such as hamour (grouper)—from the local suks sells for \$2.75 a kilogram. Imported frozen cod costs almost six times as much.

A licence to buy liquor to drink at home is available to non-Muslims earning more than \$1,350 a month. Most hotels sell alcohol—including draught beer—and Thursday afternoon drinking sessions at the Red Lion bar in Dubai's Metropolitan Hotel are local legend. Drink problems are fairly common and there is even an entry in the UAE telephone directory for the self-help group Alcoholics Anonymous.

The monthly expenditure on hardware and collectibles in Abu Dhabi is \$102. Dubai is slightly more expensive than Abu Dhabi for personal services, such as hairdressing, dry cleaning and shoe repairs. Dry cleaning is done to a high standard, comparable with the best in Europe. Shoe repairs in the suks, however, have a bad reputation and could ruin a good pair of shoes.

There are many modern supermarkets in the UAE—possibly too many—and the competition is fierce. They offer a wide choice of imported foods but prices have been known to vary by more than 30 per cent between shops. Many of the best food buys come from Australia and New Zealand: imports from these countries tend to be cheaper than those from the United States or Europe.

Fresh vegetables grown in Al Ain and Ras al Khaymah are less expensive than imports and are proving increasingly popular with expatriates. Differently from many other Islamic countries, it is possible to buy pork and bacon in the UAE. Most hotel and restaurant menus, however, offer only "beef bacon", presumably so as not to offend the sensibilities of visiting Muslims.

Competition between the car salesrooms is also rife and several dealers have lowered their prices, particularly on Japanese models. The cheapest Honda Civic costs about \$3,950 and a Datsun 1200 costs \$5,177. Fitted air-conditioning and stereo radio/cassette players are standard even in the cheapest cars. At the higher end of the market, a Peugeot 504 costs \$5,580. A gallon of super-grade petrol sells for about \$1.

Shopping in the suks can throw up some real bargains. They are a good source of cheap cotton clothes, especially for children, or beach-wear. House-ware and fashion clothes are readily available in the boutiques, but only for an exorbitant price. Hi-fi equipment, cameras, calculators and the like can still be bought reasonably cheaply in the suks.

There is an abundance of shops exclusively selling a wide range of professionally packaged and obviously pirated—tape cassettes. They are one of the outstanding bargains at just more than \$1 each. One of the most popular and accessible suks is the new one at Sharjah.

It was designed in the "Islamic style" but bears a curious resemblance, at least from the exterior, to a Victorian railway station.

The construction boom of the mid-1970s has ensured that housing and office space in the past few years has been in ample supply and at cut-price rates. This is rapidly changing. Certainly in Abu Dhabi residential and office accommodation is becoming scarcer and rents are rising.

Most of the buildings scheduled to come on to the market in the next year have already been taken up by the Government or the oil companies and the outlook is unpromising. A three-bedroom flat in a central location goes for about \$24,523 a year while the rent for a two-bedroom flat is about \$20,435. The annual rent for a villa ranges from \$35,420 to about \$43,600.

In Dubai the situation is not so desperate, although the cheaper end of the market is fast being taken up. A three-bedroom flat goes for about \$12,260 a year and a two-bedroom flat for \$9,540. Top rent for a villa is \$27,800 a year.

Sharjah has the cheapest housing in the UAE and this is the factor which is flatteringly image of being Dubai's dormitory. Many expatriates prefer to live in Sharjah and commute the 20-minute drive to work in Dubai. Annual rent for a two-bedroom flat in Sharjah is about \$3,500 and a villa



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BALANCE SHEET AS AT 31 DECEMBER 1980

	1980		1980
Capital and Liabilities	DH	Assets	DH
Share Capital	23,000,000	Cash, bullion and balances with banks	14,033,727
Reserves	9,894,452	Deposits with banks	207,133,113
Proposed Bonus Issue	11,500,000	Statutory Deposits	14,060,214
		Investments at cost	1,012,500
Shareholders' Funds	44,394,452	Loans and Advances	346,739,164
Current Deposit and other accounts	550,778,902	Fixed Assets	9,094,470
		Other Assets	3,100,166
	595,173,354		595,173,354
Acceptances, confirmed credits, bills held for collection and guarantees issued on behalf of customers	150,139,382	Customers' liability for acceptances, confirmed credits, bills for collection and guarantees ..	150,139,382
	745,312,736		745,312,736

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Chief Executive: I. W. McNab

At our recent Special General Meeting the following was proposed by the Directors and approved by the Shareholders:

- Authorised Capital to be increased to Dh. 100 Million.
- Paid-up Capital to be increased to Dh. 75 Million.

The Government requested and it was approved that they take up the remaining Dh. 25 Million Capital at a later date.

On completion of increasing the Paid-Up Capital to Dh. 75 Million, the Bank will have shareholders funds in excess of Dh. 112 Million.

The Bank commenced operations in 1976 with a Paid-Up Capital of Dh. 15 Million. The foregoing is expected to be completed by mid-March this year.

Bookshelf

Gimmicks needed in sales race

In Kuwait where Violet son lives on in a lovely, cooled house on the front, so in the UAE are stayers on who ember a tribal era of our, blood and disunity in which the British had a defence point for trade routes and a shield not the Beduin of the desert.

hen, some years ago, I ped off the tidy streets of Abu Dhabi to visit K. G. elon (The Times, 1976), a arly figure seated before a ministry desk, a vision conjured up of an era tribes which could not have foreseen a day when Shaikhs Zayed and Rashid would sit side by side in an air-conditioned majlis to greet leaders of foreign states.

The era of Fenelon, and of Thesiger who repeatedly emerged from the Empty Quarter to appear a Pimperly at Rashid's Dubai majlis, is given short shrift by the businessmen who today panic through the corridors of rulers and by publishers who vie with each other to extol them.

Since the oil boom after the 1973 price rises, the elegant network of roads which represents the federation's coming of age has steered the Thesigers away to wilder places such as Kenya. Today business, tourist and map guides of the emirates proliferate.

An element in the publishers' race to sell is the search for gimmicks. Last year Hayak Publishing of Ajman produced a handy A to Z Business Location of Dubai in which location points are superimposed on aerial photographs.

Meanwhile, the Orient Group in Sharjah published a bright little book with multi-coloured page-ends called *This is the United Arab Emirates* in which each of the seven emirates is given a brief introduction with maps and useful addresses.

Tourist Research and Planning of Switzerland, meanwhile, has produced a UAE kit in plastic packets consisting of Abu Dhabi and Dubai "portfolios" (colour pictures of landmarks, scenes) and narrow, plastic-bound handbooks which fit the breast pocket. The Dar al-Hikmah Bookshop in Dubai has produced a detailed road map of Dubai and Sharjah from an undisclosed source.

Western publishers perhaps have been deterred from this market by the fact that, without a government bulk deal on offer, the population of the UAE cannot absorb a profitable print-run. Indeed, for well-researched facts on the UAE, the businessman might do better to use the 1980 report published by the Middle East Economic Digest (MEED), or the 1981 guide and diary published by the Middle East Review Company in Saffron Walden.

Outside prestige publishing for which bulk deals are sought rather than the favour of the open market, data books are considered a safe sell although the reader would be wise to differentiate between the serious publisher and the local quickie publisher who lifts much and does so carelessly. *The UAE Business Key* published by Dubai's Datamation Systems last year in a second edition does not merit this indictment but does suffer from the difficulty of achieving accuracy in a swiftly changing world.

A directory of executives and businesses, it covers Dubai and Abu Dhabi reasonably well but is scanty on the smaller states. Umm al Qaywayn has only 15 entries. Like many such guides, it is often out of date. It quotes the Canadian investment company Wood Cundy which had pulled out of Sharjah in mid-1979. Falcon Publishing's 1980 Gulf Telephone Directory, with more than 40,000 entries, is probably the most useful directory on the market.

The spate of books on the UAE, however, is not entirely business-oriented. Linda Soffan's *The Women of the United Arab Emirates* (Croom Helm, 1980) analyses a theme which is agonising for Islamic states that are unable to coordinate energetic efforts to educate both sexes with the essentially family-oriented role of women in an Islamic society.

Despite the active support of female emancipation given by Shaikh Zayed and Shaikha Fatima for equal opportunities in education and employment, social prejudices in the UAE die hard, preventing most women from taking jobs

which bring them into regular contact with the public, let alone from studying abroad.

However, Linda Soffan's interviews with a cross-section of UAE women show that a closer husband-wife bond exists between the younger generation than it did with their parents. Moreover, women who have entered government and other employment are exerting themselves to improve the status of their sisters.

The UAE experiment, the galvanization of scattered tribes with only the wisdom of leaders used to confronting the elements and enemies on which to build democratic unity, should offer much scope to Western publishers.

However, the obsession for the "quick sell" engendered by the Western recession and the strictures of a small local market discourage publishers from serious analysis. The great lure for Western publishers is in English as a foreign language, particularly since a course created for one country can be tailored to suit another. Oxford University Press's Crescent course is adopted in schools in Jordan, Qatar and Oman while Macmillan's Saudi Arabian Intermediate (SAIS) course is in use in Saudi schools. Such courses are the main counter-parts in the UAE.

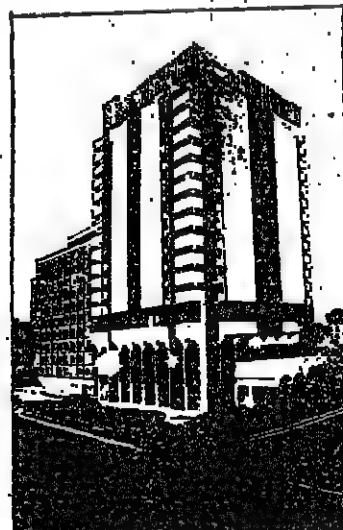
There are, however, still those who write about the UAE with impressionistic delight. Mark Allen's *Falcon* (Orbis, 1980) illustrates the just surviving sporting culture of the old world. Beautifully written by an expert of the art, it merits Thesiger's glowing introduction.

For the businessman in the UAE who has shared a modern lift with a Bedu with huge falcon perched on gloved wrist, the book will not be an anachronism. The book, based largely on Mr Allen's hunting forays with Shaikh Zayed's nephews, was launched in London's Moorland Gallery, and accompanied by colour plates of hawks and their habits which included one of a young Shaikh Zayed, a falcon gripped to his glove.

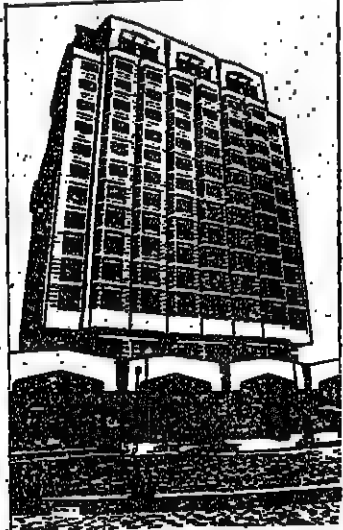
There will be many more books on the UAE but few will merit distinction. The habit which included one of a young Shaikh Zayed, a falcon gripped to his glove.

Michael Petrie-Richards
Middle East Economic Digest

FROM ONE END OF THE EMIRATES TO THE OTHER



ABU DHABI



SHARJAH

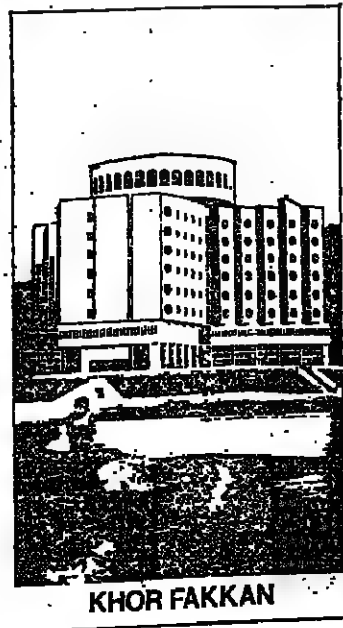
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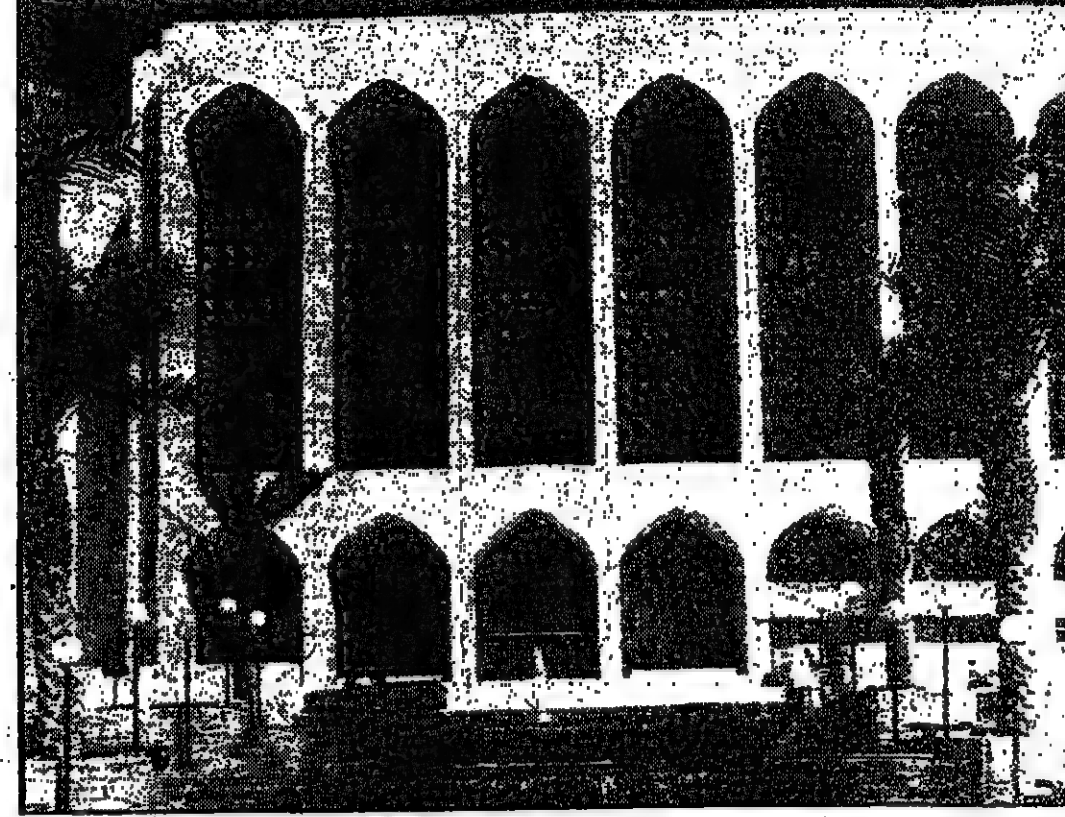
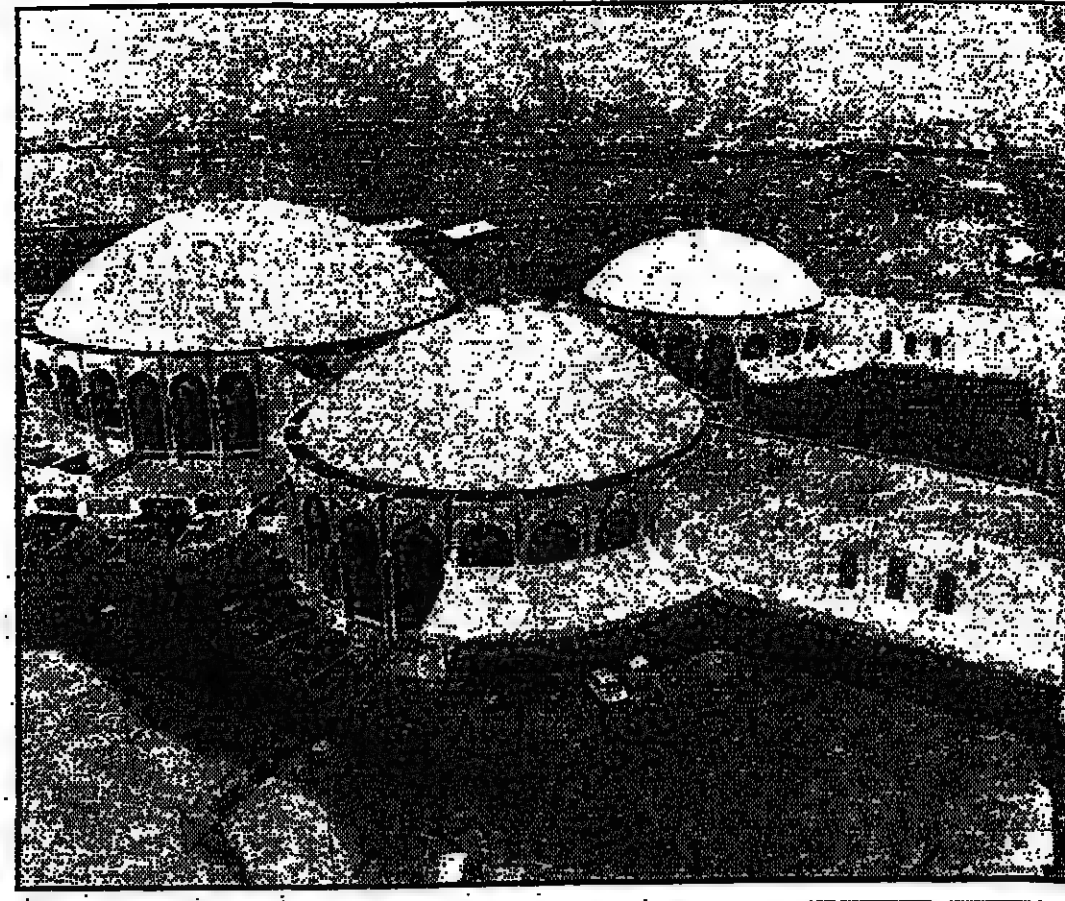
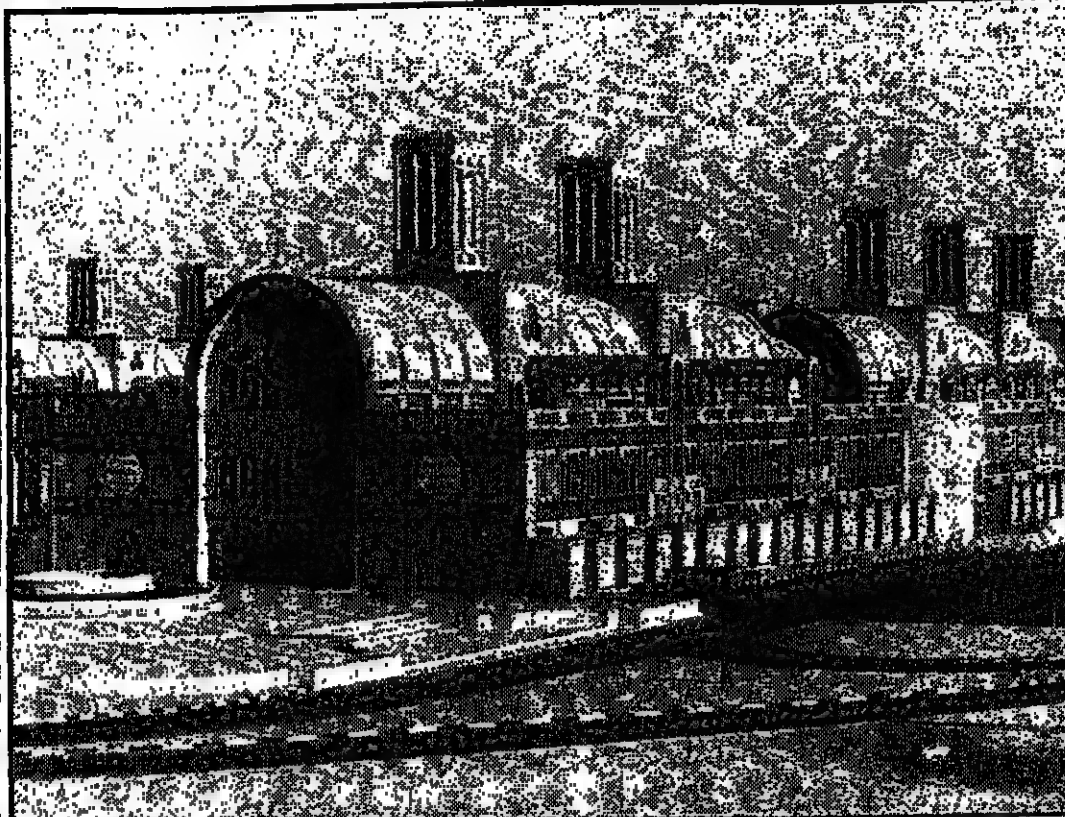
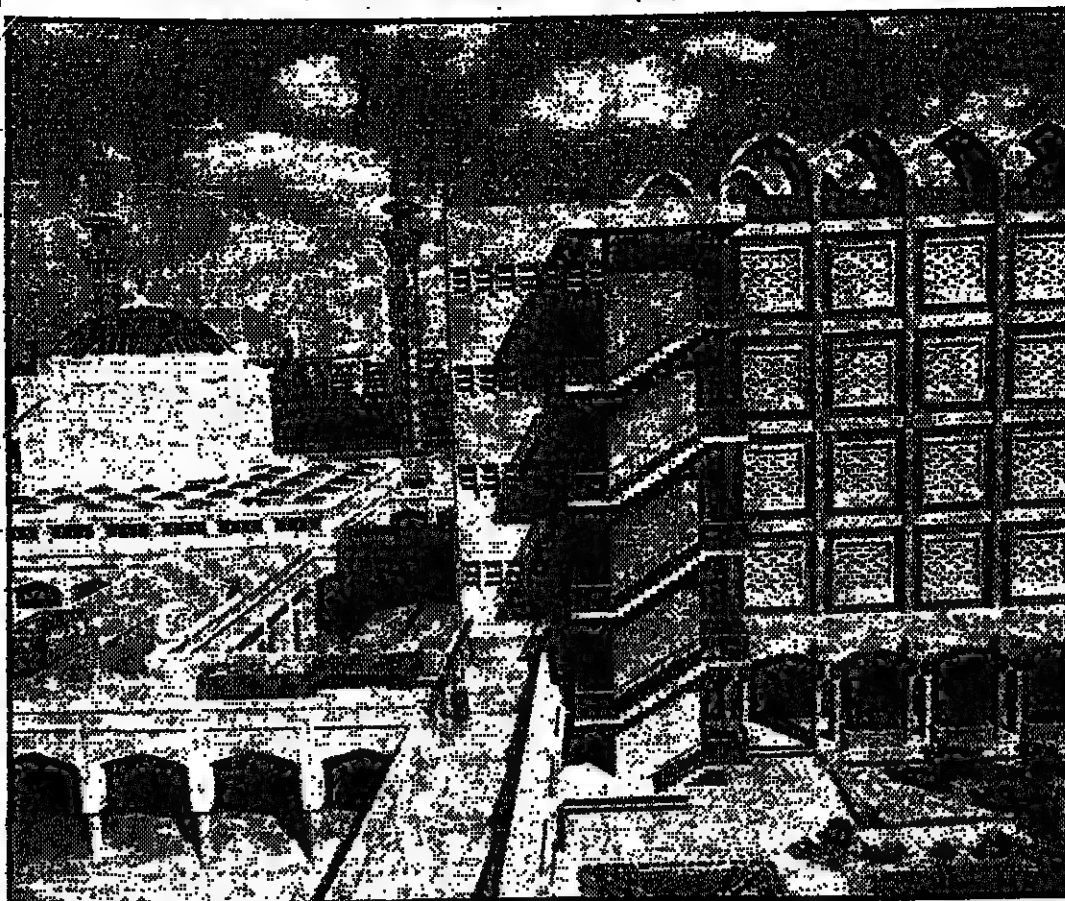


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UNITED ARAB EMIRATES



Modern architectural design is flourishing in the UAE. The new suk at Sharjah and (right) the Abu Dhabi Currency Board building. Top: Al-Ayn university and (right) Sharjah airport.

Architecture

In glitter and style new buildings are better than older ones

Looking at architecture in the Emirates is like watching a stylistic history of modern Western architecture telescoped into a decade. Things happen faster out there; and, perhaps, style changes faster too. For example, the *Architectural Review* devoted an entire issue to the Emirates in June 1977; yet less than four years later, the most interesting buildings to be seen are those that were barely on the drawing-board at that time. In glitter and quality, the new buildings—such as the Sheraton Hotel, Dubai, and the National Bank of Dubai—are of immeasurably better quality than most of the older ones.

Most modern building—indeed most building—has taken place in Dubai, Sharjah and Abu Dhabi: very little in Fujairah, Ajman, Umm al-Qaywayn and Ras al-Khaimah, bar the statutory airport and hotel at each. That is probably explained by the historic preeminence of Dubai's creek.

To the outsider, a great deal of what has been built seems no asset whatsoever to the Emirates save in the achievement of increased accommodation. For every grand monument of commerce or government, there are countless blocks of off-the-peg flats and offices, scattered like some ghostly southern French suburb and creating not the slightest sense of place or occasion. Many such developments have been designed by Egyptian firms, although some have been produced by British developers trying to export pre-packaged accommodation to meet the housing demand, frequently with little regard for the local climate or environment.

Architects often respond better when designing in an area of existing character. Some of the most crass buildings of the Middle East are those which stand aloof on some wide open site, with no constraint save the architect's lack of imagination.

Some of the finest have been built adjoining or close to ancient buildings, or to the Dubai Creek—or have been designed to fulfil some traditional function, such as that of a mosque.

It is therefore a pity that the Emirates still seem to disregard the value of their heritage. The Bastakiya—the older Iranian quarter of Dubai, with its intricately carved wind towers and decorative doorways—is under threat, while the really old area of Shindaga is in as shabby a condition as can be seen in, say, Jamaica.

There are glorious exceptions. The Fort, in Dubai, is a fine museum, and in Doha British architects were involved in the development of a superb museum, part new part old, which has encapsulated all the faint traditions of Qatar. On rest days, the museum is full of Arabs who consider that it draws together all the intangible signs of their culture into a realizable form. The scheme

recently won an architectural award from the Aga Khan.

The modern buildings are for modern uses, and British architects have been mainly involved in the design of hotels, banks, trade centres, airports and the like. In Dubai, British involvement dates back to a development plan in 1959 by John R. Harris, an architect who has been responsible ever since for a high proportion of the foreign-designed buildings there.

One of his earlier buildings was a neat, modern, little building for the National Bank of Dubai, which won affection for the way its crispness stood out on the muddled waterfront. He then went on to design the gigantic International Trade and Exhibition Centre, part of which complex is the low-slung Hilton Hotel, a welcome oasis of coolness. The great concrete tower of the exhibition centre is visible from far away: it is the tallest building in the

Emirates, but there are buildings of equal distinction in Ras al-Khaimah.

Unfortunately, a number of buildings proposed in the mid-1970s had the same heavy "Europeanness". Mr Harris's elegant Rashid Hospital of 1973 soon required more space, and in 1976 he won the competition for a new hospital, the main component of which is a large, wavy, 14-storey slab. Not far away, the Abu Dhabi Hilton, by Brashear and Lancaster, also took on monumental proportions, on the excuse that their combination of great tower and single-storey balcony gave the image of a fortress in the desert. Original desert fortresses, of which the Emirates have a number, were more elegant.

The smaller buildings were frequently more successful. The Dubai police headquarters, by Cagdas and Associates, is a notably neat and elegant building, making good use of colour contrast (white walls and red doors)

and proportions. Perhaps this type of building was freer than others of frantic commercial haste—a factor which seems to lie behind much of what is less good in the area.

Perhaps as a result of the problems, a number of Middle Eastern clients—including the Rulers—began to insist that modern buildings should demonstrate greater Islamic feeling. Not that they were entirely bereft of such influence. Dubai's international airport (designed by Page and Broughton in 1971) contained more than a whiff of Oriental influence.

Its pointed columnar design is more Islamic than the Regent's Park Mosque in London, particularly when seen at night. However, it did not set a trend. European architects produced European schemes to such an extent that a reaction was probably inevitable. A Middle Eastern competition won by APT Partnership was rejected by the client because it was insufficiently "Islamic".

The competition for Abu Dhabi's assembly hall complex was won by a scheme by Montgomery Oldfield Kirby which, according to Mr Ron Kirby at the time, was "a very rational intellectual extension of the cube form". Whatever it was it was disliked, and the architects busied themselves to "Islamicize" it.

The most extreme case of this was the commission for the new suk at Sharjah, in which the Ruler took a direct interest. The designers, Michael Lyell Associates, have to come up with a development which seems to have drawn inspiration from such disparate sources as the form of the old Crystal Palace, London, the patterned flushwork of medieval flint Suffolk churches, the grand spaces of the Galleria Vittoria Emanuele in Milan, and the climate and traditions of the Middle East.

One may regret the loss of the old suk, and its traders; and one may feel that the character of the new development is spurious. But for all that, this great barrel-vaulted, decorated structure, complete with its wind towers and Bridge of Sighs between the two wings, has a grand presence and roof-scape.

Despite the re-awakening of demand for traditional architecture the most exciting buildings in the Emirates are undoubtedly the most ultra-modern. This may have something to do with an increase in the number of architectural competitions, which are having the good effect of encouraging talent like that of Kisho Kurokawa,

who won the scheme for Abu Dhabi's Conference City. Of the new buildings that are completed, perhaps three in Dubai exemplify the exciting future: the National Bank, the Sheraton Hotel and the Municipality Building. Exciting developments are in hand in Sharjah and Abu Dhabi, but we shall have to wait for their completion before passing judgement.

The National Bank is possibly John R. Harris's best building in the Middle East: tall, rather slender and facing the Creek. A neat contrast is provided by aluminium, dark curved glass on smooth, honey-coloured towers; and the building is capped with canopies and arcades which effectively crown the structure and hit the clutter of lift tower water tanks and air conditioning equipment, seems a world away from Trade Centre.

The Municipality Building is a real oddity, recalling some of the three-dimensional games played by New York Five. Outward a square building, its office line two walls, the remainder of the square being covered by a space frame. Within that hollow square are the main function rooms: a square marble, it is most intriguing and considerably more distinguished than most town halls erected in Britain over the past decade.

The gleaming star of the group is undoubtedly the Sheraton Hotel, by Ram Miletto Associates. From exterior, there are no geometric games; the building has, facing the creek, a shimmering skin, which from one view looks like a away cube, and from another like a space frame just landed. It is planned in a series of vital rooms open into a full-height atrium. This atrium gives the interior: elegant, polished, graded into a confection of reds and pinks, spacious, light. There are marble hangings.

There was a time when commentators believed that architects tried to export the Middle East what it was not allowed to build. From the most recent developments in the Emirates, it is clear that standard of design has been outstripped that in Britain and possibly even West Europe, and there are signs of which both East and West clients and the West architects can justly be proud.

Charles McKee
Architect
Correspondent

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UNITED ARAB EMIRATES

Defence

Only a common threat will integrate forces

Armed Forces of the United Arab Emirates were unified in 1976, and the progress towards total integration has been slow, though perhaps surprisingly so. The obstacles have been personal and partly local. An example of the latter was the row which erupted three years ago in Sheikh Zayed, UAE, and until then the head of the forces, over his presidential authority by appointing his son, Colonel Sultan bin Ahmed, as the new commander-in-chief — and swiftly noting him to the rank of major at the age of 18. It is failure to consult the Rashid of Dubai it or might not have been constitutionally correct. It was at least a disunity. His similar fit of stubbornness over taking the Rashid's son, Sheikh Sultan bin Muhammad, actually the Minister of Defence, was still more a failure to consult the Rashid of Dubai. It is not that the Rashid's son, Sheikh Sultan bin Muhammad, actually the Minister of Defence, was still more a failure to consult the Rashid of Dubai.



Soldiers of the Abu Dhabi command.

A number of Saladin armoured cars, Ferret scout cars and Saracen wheeled armoured personnel carriers are now in store, according to the latest edition of *The Military Balance*, published by the International Institute for Strategic Studies. The same publication gives the number of infantry battalions as seven, supported by three battalions of artillery and three equipped with French Crotales and British Rascal anti-aircraft missiles. The federal navy and air force, both of which were provided by Abu Dhabi at the time of unification, are relatively small. *The Military Balance* again gives the number of combat aircraft as 52, consisting of two interceptor squadrons equipped with 26 Mirages, a ground attack squadron of elderly Hunters and a counter-insurgency squadron, as well as a mixed bag of transports, trainers and light communications aircraft. The navy has about 15 assorted patrol craft including six built by Vosper Thornycroft, and 10 more are on order, including some from Sweden.

There is no indigenous arms industry in the country. The union used to contribute quite significantly to the Arab Organization for Industrialization, which was established with the objective of founding an Arab arms source in Egypt, financed by Gulf petrodollars and inspired by Western expert knowledge. But this foundered when Egypt was ostracized by the Arab states as a result of President Sadat's involvement in the Camp David settlements with Israel, so that the UAE has still to rely on the open market. Still, arms are no great problem as long as one has the money to pay, and the UAE—or Abu Dhabi at least—has it.

On the other hand the UAE Government has few options. Troops are well paid, conditions are quite good and as long as the union remains at peace with the world, the life for a soldier of the shaihs is reasonably congenial. But many Arabs prefer to earn an equally congenial and profitable living in the civil service. Conscription has been talked of as a possibility for several years, but there is no immediate plans to introduce it.

The UAE now has its own military training establishment for officer cadets, in Abu Dhabi. It has been named the Sheikh Zayed Academy, and an increasing number of young UAE nationals are coming forward to be trained there before taking command in the ranks. The academy is run by Jordanians. But about two of the best cadets are also sent to Britain every year for training at the Royal Military Academy, Sandhurst.

Now and again an officer also comes to the Staff College at Camberley. About 14 loan service personnel from the British

Oman and Ras al Khaymah for instance could be embarrassing for some battalions. More recently the Gulf War has raised a fresh spectre. The Iranian air force, alarmed the UAE and other Gulf states by carrying out a couple of photo-reconnaissance missions last year. And the disputed islands of Abu Musa and the Tumbs in the Straits of Hormuz originally belonged to UAE members before they were seized by the late Shah.

On the other hand the forces have probably a more important role in propping up the UAE's prestige in the Arab world—by simply being there. In addition they should in theory have a strong stabilizing influence in a country which, though apparently at peace with itself, is all too aware of what can happen to Third World rulers who become complacent. Although there are no very evident radical movements in the country, the framework exists.

That is why the slow progress towards true unification while not very surprising, remains a matter of concern to those inside and outside the country.

Henry Stanhope
Defence Correspondent

The press

No straitjacket imposed by new charter

When the English language daily paper, *Khaleej Times* launched a door-to-door delivery service it was greeted with scepticism. It seemed an impossible task to organize a delivery service in a country where streets have no names, houses no numbers and entrances are frequently in obscure places.

The *Khaleej Times* managed the impossible. Now, almost three years later it has a circulation of 40,000 a day, printed on a press in Dubai and delivered by van throughout the country. The broadsheet newspaper is owned by one of Dubai's most influential families, the Galadari. It is the most widely read of the English dailies although the editorial diet is a bland mix of international wire service copy relieved by a growing amount of local stories and excellent sports coverage.

The other two English dailies are the *Gulf News*, owned by another Galadari, Abdul Wahab, and *Emirates News*, the semi-official newspaper printed in Abu Dhabi. *Gulf News* has been dogged by difficulties since its launch and seems destined to take second place to the *Khaleej Times*.

The English-language press, read by expatriates of all nationalities, is staffed by foreigners, and is careful not to upset local sensitivities. Officially the newspapers are not censored but editors and reporters alike practise a form of self-censorship which is probably more effective than a Ministry of Information censor sitting by the editor's chair. Everyone is aware that their exit is only a cancelled visa and aircraft ticket away. Thus local news tends to be a chronicle of ministerial meetings and talks with foreign visitors at which the reader is told that bilateral relations were discussed.

The Arabic press shows more editorial nerve. The undisputed leader of the Arabic newspaper pack is *Al Khalfi*, published in Sharjah by the Taryam family. The newspaper takes a lead in championing social causes in the United Arab Emirates. Frequently outspoken, it has never been banned, but has to be circumspect.

In Dubai the leading newspaper is *Al Bayan*, owned by Shaikh Rashid. Published on pink paper it fails to match up to the better known international publication which uses a foreign correspondent.

Despite WAM's efforts there is still a surprising amount of ignorance and indifference to the Gulf from the Western press. "I get international reporters coming to my office. They want to write a story about the UAE and then tell me they will be flying out tonight. What can they possibly find out in such a short time?" Ibrahim asked.

One international daily recently had its knuckles firmly rapped by the Ministry after what was considered an inaccurate and disparaging report on the UAE. The story was censored and a lengthy complaint teleaxed to the editor. Ibrahim also complains that foreign journalists lack a basic understanding of Arabic affairs, largely from an ignorance of the language.

If local newspapers are struggling to reach maturity, radio and television are still very much in their infancy, particularly in news coverage. Both Dubai and Abu Dhabi have radio and television stations which work independently of each other. Dubai is attempting to put its voice on global airwaves by launching a world service. Its news broadcasts can be heard in Europe.

Dubai's English language colour television service is well established but subsists on imported soap operas and light dramas. In Abu Dhabi there are four channels, although all show the same Arabic programme. There has been talk for years of using one for an English service. A huge new television studio is being built which should make it easier to produce local programmes in Arabic.

Abu Dhabi radio broadcasts 18 hours a day in Arabic and also two hours a day in French, three each in Urdu and English. A large proportion of foreign language broadcasts is locally produced by expatriates and other foreign language broadcasts are scheduled to follow. The latest sound on Abu Dhabi's airwaves is Capital Radio, a repetitive all-music station financed by the Ministry of Information, which is fine for the listener who likes disco music.

Broadcasting, like the press, suffers from a lack of interested nationals. Some who do apply, see themselves in the role of an American-style presenter not realizing that there is a lot of hard and unglamorous work behind the scenes. Many who join soon leave for the more financially rewarding world of commerce.

Celia May

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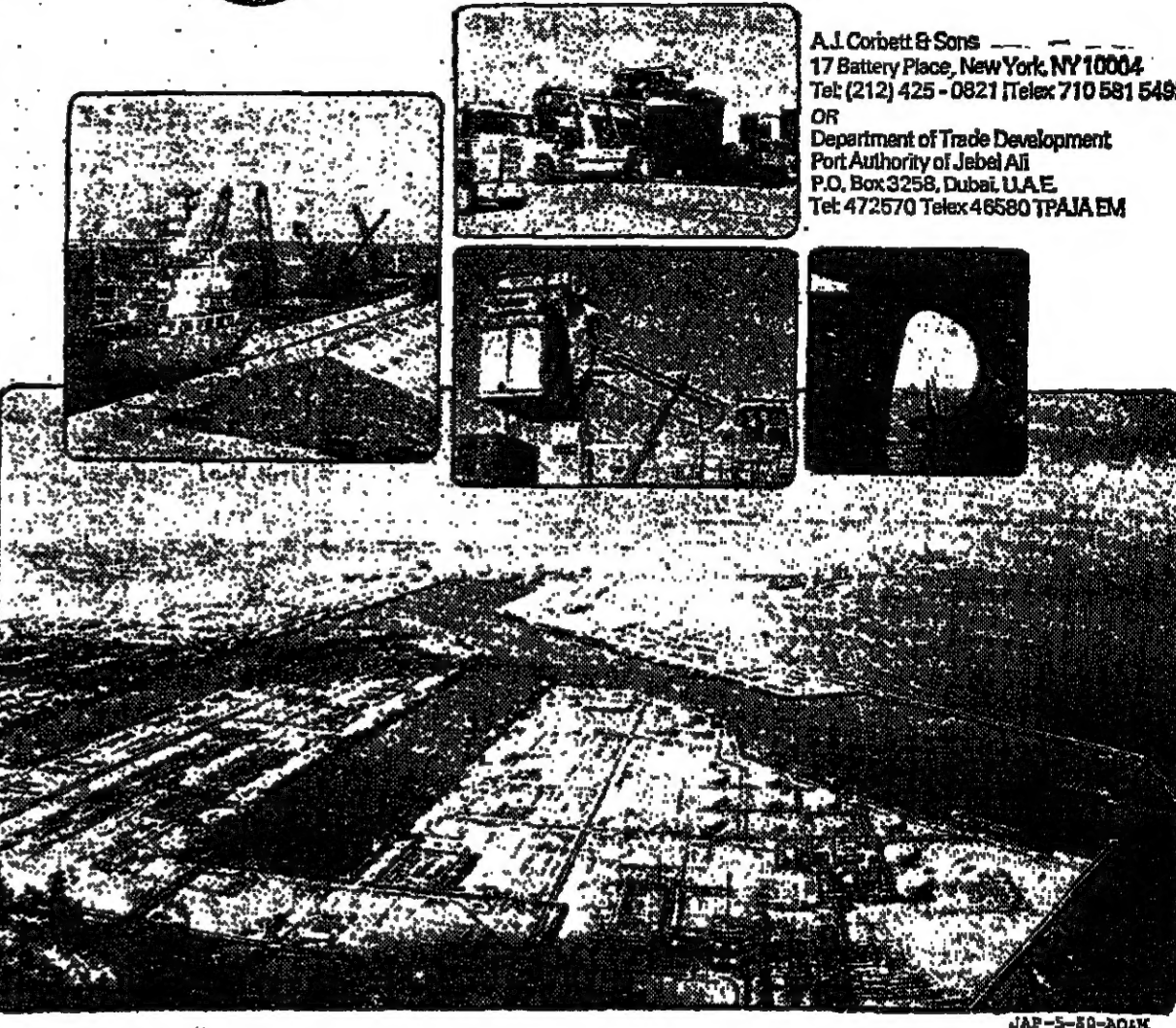
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UNITED ARAB EMIRATES

Ann Fyfe looks at the seven individual emirates,

beginning with Abu Dhabi

Still suffering from booming economy

Abu Dhabi's experience in the later 1970s has been an increasingly uphill struggle to assert control over an engine-revolving disconcertingly fast. The speed with which the town has grown up quantitatively and qualitatively, as well as the pin-pricks, for expatriates, of constant restricting legislation, are what gives life in the temporary capital its slightly gritty texture.

Vast in size and resources, the largest emirate spent the first post-independence years in rapid building at home and stamping its mark on the world abroad. Unimaginable visual change followed, and still today Abu Dhabi suffers from a booming economy sharply different from that of the other emirates. Any casual visitor can see at once that the luxury hotels of Abu Dhabi are busy and the ones elsewhere are quiet, is oil a blessing or a curse, the local editorials ponder. The constant efforts to promote a sense of involvement in the geographically and intellectually remote oil phenomenon among ordinary citizens are an attempt to answer the question posed.

This questioning is a recent development however. Earlier in the decade, oil output was kept at its maximum to pay for the necessary basic services required of a modern capital city. Abu Dhabi actually encountered cash-flow problems twice in the late 1960s and frenetic early 1970s. Its individual budgets were larger than the federation's and its record of completing plans better. As well as buildings, Abu Dhabi acquired ministerial-style local government with the formation of its executive council under the chairmanship of the Crown Prince in 1971 and a cabinet of ministers. Briefed to help in administration by offering opinions, in the same year.

Local Abu Dhabi ministers

subsequently lost their titles in 1973 when the emirate abolished its separate ministries in deference to the federal cabinet, demoting them to departments. Money was being pumped at the same time into the rapid development in some cases almost from scratch of the poorer emirates. Abu Dhabi financed the federal budget to the tune of 90 per cent and from 1975 pledged half its own income from oil to the federal coffers.

The services which the ordinary unskilled man in Abu Dhabi has been able to sell to the foreign oil and contracting companies have been transport, land and buildings, and sponsorships and partnerships. These, therefore, have been pressed upon the companies by law as a ready means of cash for their development. Without these loans on the companies' freedom of manoeuvre, the whole oil exploration-exploitation-exportation process might seem quite divorced from an Abu Dhabi citizen's life.

Hauliers must hire 50 per cent of their vehicles from local owners; only local citizens can own land; commercial property developed by a foreign developer can be leased to the foreign party only for eight years, after which the ownership of the development passes to the local citizen. Abu Dhabi has usually taken the 51 per cent share in joint ventures with foreign companies, far more than the other emirates. Unceasing attempts to control the use of immigrant labour gives rise to ever more complex regulations. In sum, the volume of documentation required to ease commercial life is a burden of some height for foreigners.

By 1977 the emirate's capacity to absorb both further large investments and further large-scale immigration had started to excite rethinking. In 1978 it was realized that the following

year's projected development expenditure was the maximum feasible and a decision was taken to freeze it and reduce 1980's allocation to a minimum. But the budget's development figures do not include the giant projects at Ruwais, and it is since 1978 that the largest contracts in the emirate's history have been awarded for Ruwais.

In 1974 the state had acquired a 60 per cent shareholding in the two main oil companies and subsequent implementing agreements gave the companies local incorporation and locally-based management. The need for a Dhabhi National Oil Company was created, under what later turned out to be a singularly uncommunicative Algerian management, to administer the state's share.

Local newspapers are cautious in reporting their front pages the number of Arab nationals the companies are recruiting. In recent months Shaikh Khalifa has taken to chairing ADNOC board meetings personally in his capacity of Deputy Ruler, a clear manifestation of the strengthening determination to control.

At the same time, the continuing development of new fields offshore and onshore and the thousands of millions of dollars contracted for onshore gas gathering and use, the fertilizer plant, offshore oil field facilities, gas storage facilities, a refinery—all since mid-1978—have succeeded each other and kept Abu Dhabi busier and more opulent than ever. But they have continued to bring in thousands of immigrants, whose presence has not abated vast expenditure on utilities like electricity, water, medical care and schools, the provision of which has brought in tens of thousands more immigrants, whose presence requires more expenditure.

Not surprisingly, the ever-



A typical Abu Dhabi street scene: modern architecture and expensive cars.

Dhabi's many remote settlements, but is also greatly exercised by the un-Islamic lifestyle it fears the foreign population is introducing and by the immigration phenomenon itself. Land ownership is a further concern, since it is land which channels oil wealth by way of rent-paying contractors into the humblest pockets.

Blessing or curse, oil is what gives Abu Dhabi its status in the outside world and the early 1970s saw Abu Dhabi leaders, including the Ruler, undertaking tours of all corners of the Arab world and participating in numerous peacekeeping efforts and in non-aligned movement activities. Abu Dhabi was constantly full of African heads of state in those years. In 1974 the Abu Dhabi Fund for Arab Economic Development was set up and later expanded in mandate so as to cover non-Arab countries. Activity is not as conspicuous now, as Abu Dhabi has tried to remain neutral in the split in the Arab world.

The fund, however, has become the alma mater of the elite in Abu Dhabi

society. Working with finance and investment attracts the cream of the graduate population, as in Kuwait. Like the fund, the Abu Dhabi Investment Authority is locally-managed and a prestige employer. The money industry, the processing of the surpluses, is a high-technology industry with none of the drawbacks of sucking in quantities of foreign labour; the two institutions have an impressive self-confidence about them.

It is only 15 years since Abu Dhabi began turning itself into a modern state and the experience it has undergone since then has been unprecedented. As long as Abu Dhabi chooses to occupy the role of a major oil exporter in the world, the city can only continue to boom. But the consequences of the growth can only strengthen the keep-it-in-the-ground lobby, and restriction on the foreign population can only tighten. The tension between the two ideals is endemic; the only wonder is that the compromise continues to be workable.

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Dubai
Ruler's indelible stamp

Dubai has changed in character hardly at all in the past 10 years, it has simply grown bigger and more advanced. The UAE's second largest emirate and commercial capital is still run by the same dominating figure on the same principles in consultation with the same merchants, as well as nowadays, some younger protégés.

Even the demographic upheaval which has so perturbed the other emirates has hardly been a new experience for Dubai, which has long had an Asian middle class. Dubai's position within the federation changed profoundly, however, when Shaikh Rashid took over the executive arm of federal government two years ago after two previous years of scepticism. Now in a position, as a result, to influence directly the federal economy, he has been managing it with the same famous intolerance of the bureaucratic process which characterizes his rule within Dubai.

Most of the facilities which enabled Dubai to attract companies flocking to the Gulf after the original oil price rises of 1973-74 were begun in the late 1960s and had already been completed by the early 1970s—though the ubiquitous but fiendishly con-

cealed radar traps, which now spell "Dubai", more innovation to the general public, were the creation of 1980.

Work started on Port Rashid in 1968 and the first berth was commissioned in 1970. Last year the port handled 2,750,000 tonnes of cargo, the bulk of the UAE's imports. The airport was opened in 1971 and the earth-satellite station was begun in 1973, the year the Rashid hospital opened its doors. Neither the police nor medical services have expatriate chiefs any longer but are run like the port and airport by able younger Dubais.

Nor have the occupations or concerns of the Dubais changed significantly during the past decade. They are still, for the most part, traders with, nowadays, perhaps some investment in Asian-managed light industries who care greatly about the business climate.

Today, business is neither particularly good nor particularly bad. Fortunes were made, and in instances lost again, in the aftermath of the Iranian revolution, when consumer luxuries unavailable inside Iran left Dubai by plane-load and dhow-load. Most of these cargoes reached their destination but some did not. At the turn of this year, for example, the Iranian authorities were able to enforce their ban on such imports and Dubai became the cheapest place in the world in which to buy the video cassette recorders which then had to be unloaded on to the local market.

But in the first half of 1980, two thirds of Dubai's reexport trade was with Iran. After the internal economic recession from about 1977, Dubai contractors began to look farther afield and won work in Jordan, Saudi Arabia and Yemen. Now a number of the local banks are turning international by expanding into the Indian subcontinent and the Far East.

Since the first international hotel chain opened its hotel in Dubai in 1975 the leisure and entertainment industry has grown, in the relaxed social climate, to the point where it has now come up against both market saturation and some Islamic resistance. Tighter, though still liberal, restrictions on alcohol consumption were introduced in 1979 and the floor shows in some of the nightclubs have recently had warnings.

But the ambience is still highly cosmopolitan and stands as one of the main reasons for Dubai's popularity among Gulf expatriates. This year the mountain enclave of Hatta has also acquired an hotel which hopes to attract the business conference trade.

After the middle of the decade Government projects began to grow larger and larger. Work on the dry dock

began in 1974, on the 39-storey trade centre in 1975 and the 135,000 tonnes a year aluminium smelter and associated gas liquefaction plant and the massive Jibel Port—with 15 km of quay—in 1976. Dubai's external debt soared and the profitability of some of the schemes remained unproved.

The trade centre is three-quarters full and Jibel Ali has been receiving a minor boost from cargoes diverted from embattled higher Gulf ports. The dry dock has been unused and without an operator since its completion.

In any event Dubai's finances were turned around by the new doubling of oil prices in 1979 and 1980. Record daily output had been achieved in 1978 with 384,734 barrels, but the average is about 350,000 barrels a day. Dubai Petroleum Company, a subsidiary of Conoco, announced the first discovery at the offshore Fateh field in 1966 and exports began in 1969.

The second offshore field, South-west Fateh, was discovered in 1970 and brought into production two years later. The installations passed into Dubai's ownership in 1975. A small third field, the Fahal, realized its first output in 1978 and a fourth, Rashid, in 1979. Subsequent drilling elsewhere both offshore and onshore has proved unsuccessful so far but is going on.

Dubai's future is much speculated-upon in expatriate circles, partly because the stamp of the Ruler's personality is so strong that the prospect of Dubai after him seems unknowable and partly because the rest of the UAE is so obsessed with the immigration issue. Dubai's blocked 51 per cent local ownership of businesses law, which has sunk without trace along with the committee which was discussing it, and the restrictive land-ownership law when these were strongly desired by other emirates.

Can Dubai continue to uphold the free-enterprise virtues, in the federation and will it wish to do so? Since the middle of 1979, Shaikh Rashid has been able, as federal Prime Minister, to direct these internal matters according to his own lights, a far cry from the earlier state of affairs in which his grudges against federal decision-making were well aired.

As for the succession, the three eldest of Shaikh Rashid's sons have all grown into public prominence in their various jobs during the past decade and are all well-known and well-liked. Shaikh Rashid's passing per se, when it eventually comes, is thus unlikely to spark any essential change of direction. Having come through the great expansion and modernization of the 1970s with no great identity crisis, Dubai seems content to go on being the tolerant, quasi-modern town it has long been.

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Ajman

Smallest state still acquiring the basics of life

Ajman, the smallest emirate, is still acquiring the basic necessities of life and has traditionally been quiet and slow to change beneath the surface. Sheikh Rashid bin Humaid al-Nahai, now in his 60s, has ruled the Ajman community for 53 years and is believed to be either the longest-serving ruler in the world or even the longest-serving.

Ajman's prosperity is closely bound up with that of Dubai and Sharjah, whose emirates it accommodates, at to some extent with the emirates of Kuwait and her Gulf neighbours. It is heavily dependent on a federation for almost all development and was one of the four emirates which joined their flags in 1971 to form the United Arab Emirates. A number of their government departments in favour of their counterparts in the mid-70s.

Ten years ago plans were drawn up to develop Ajman and this process has been central to the life of the town since. The idea was to improve its navigability, reclaim land for commercial use. Five stages of the development are completed and the next will be the last. Storage sheds have been added through a Norwegian loan and the port has been deepened from 10m to 12m.

After a decision three years ago to allow companies to market their goods or services in Ajman to acquire shore status and thus exemption from the legal requirement of a controlling interest, a number of industries have established themselves on the reclaimed sites. These include Haliburton and de Provence, both in field supply and shipping.

There are now few indigenous Ajmani enterprises as a general rule. Ajman prosper when Dubai and Sharjah prosper and the emirate has been reasonably priced accommodation within commuting distance.



The traditional lines of the ancient dhow can still be seen in the boats off the coast of Ajman.

ance which Ajman offers is needed.

Ajman Heavy Industries, a public company with a Japanese manager, operates a ship repair yard servicing oil field supply boats, tugs, freighters and other craft up to 1,500 tons, and is the emirate's largest venture. Smaller-scale ventures provide high-quality marble from the inland mountains of Masfut, concrete blocks, aluminium sections, steel wire

and furniture. Britain's Silent Night produces mattresses there. Printing, paper and photographic requisites are well established, as is Gulf mineral water. A well-sited new beach hotel is used at weekends by local companies from noisier emirates for their executives.

Larger public and private schemes have included a large commercial centre, a leisure complex and an oil refinery, but these have remained on the drawing board. Much of the private capital in Ajman is Kuwaiti, and Kuwait is having difficulty sorting out its stock exchange rules for the flotation of non-Kuwaiti companies. Kuwait investors are said to be refraining from founding new companies and this, if it continues, must affect liquidity in Ajman, Sharjah and Ras al Khaymah.

Although hundreds of low-cost homes and private blocks of flats have been built and the tiny town is no longer dominated by its ancient fort, Ajman estimates that it needs at least 750 more houses in 1981 and 3,500 in the life of the forthcoming five-year plan 1981-85 for its population of 36,200. On the drawing board is an expensive sewage

facility, which the municipality hopes will be started this year. Ajman town contains 34,000 of the emirate's 36,200 people. Manamah and Masfut, the Nahai's two separate inland enclaves, are agricultural oases in the Hajjar mountains. They are peaceful and still not completely equipped with all necessary utilities, though both have electricity, some housing, and there are metal roads. The marble which is Masfut's claim to fame gives the rocks a faint green tinge.

Modern farms, owned by more prosperous families in

Ajman, are being established alongside traditional ones. Established crops include tobacco. A common sight is a lorry-mounted rig drilling for water.

After a long spell as the only emirate of the seven with no oil prospectors, Ajman is to be resurveyed shortly in the wake of new discoveries at the end of 1980 in Sharjah, which adjoins Ajman. But it is impossible to separate Ajman's future, either economic or political, from that of the rest of the federation on which it depends for development, or from that of Dubai or Sharjah.

Sharjah

Progressive ginger in conservative sauce

What the UAE has in the way of a radical lobby comes from Sharjah. Its formative experience was long contact with overseas peoples and ideas and a desire to modernize, all frustrated by dearth of resources. In 1974, oil exports began and a rapid expansion of building ensued which finally over-reached itself.

Some degree of social and economic rethinking is in evidence today and is liable to restrain any fresh spending spree which the new oil discovery of the closing weeks of 1980 might have unleashed. Sharjah's role is quite distinct, the progressive ginger in an otherwise conservative sauce.

Sharjah was the lower Gulf's main port for centuries. An acquaintance with shipping, documentation, customs and procedures grew up as a result and formal education made its appearance considerably in advance of the other settlements on the coast.

By the dawn of the 1970s, with British withdrawal and the gestation of the UAE, the atmosphere in Sharjah was one of strong desire for development, encouraged by a young ruler who had succeeded in 1965, but frustrated by lack of finance. Sheikh Khalid was murdered in 1972 and his younger brother was brought in to take over as the present ruler. Two years later oil exports began from the Mubarak field off the Gulf island of Abu Musa which had been occupied by the Shah's troops in 1971.

With an energetic American adviser, since departed, Sharjah erupted in the mid-1970s into an orgy of building projects. Institutions, hotels were started, a great lagoon dredged, multi-storey apartment blocks thrown up, a port and airport created and an arresting suite of blue and white assemblage. Over-capacity resulted, with debts rumoured to approach \$1,000m. Rents and hotel rates fell and loans had to be solicited from Abu Dhabi, but at the same time a certain level of activity in service industries such as travel, advertising, shops and boutiques and leisure has proved durable.

Growth of such magnitude and speed has encouraged the political and social awareness which has long been more highly developed in Sharjah than elsewhere. Federal cohesion,



Imported kitchen ware for sale on the quayside at Sharjah.

the immigration issue and the distribution of the main topics of debate, as throughout the UAE, but the two independent press organs which lead the public debate are domiciled in Sharjah.

Al-Khaleej is a daily newspaper founded by the family which provides the present Speaker of the National Assembly and the former outspoken Minister of Education who lost his job when Sheikh Rashid became Prime Minister. It keeps up a vehemently anti-American line on foreign affairs and a radical stand on neo-colonialism, social issues and the constitution, supporting elections, and follows closely developments in the two Gulf states which have had elected parliaments, Kuwait and Bahrain. The publication is highly professional and well-regarded.

larges, intertwined with those of Fujairah, share Fujairah's concern for federal politics and witnessed similar marches during the petrol price controversy last year. Also like Fujairah, the Sharjah coast has sandy beaches and mountain views which enable tourism to be considered feasible on a small scale. A leading German travel organization now includes Sharjah and the Khor Fakkan among its holiday destinations, and the Khor Fakkan Holiday Inn attracts good business at holidays and weekends from emirates tourists from the towns.

The fuse which ignited the spending explosion of the mid-1970s was an oil field off the island of Abu Musa which yields the crude with the lowest sulphur content in the Gulf. Oil flowed initially after start-up at more than 50,000 barrels a day but the field declined quickly and is now producing around 12,000 barrels daily. Iran occupied Abu Musa in 1971 but subsequently came to an agreement with Sharjah on sharing the revenue from the field.

Umm al Qaywayn has, however, pressed claims on Sharjah's portion and details of who has or has not paid what to whom are kept fairly quiet. Further oil exploration suddenly proved fruitful in December last year when Amoco announced commercial finds of oil and gas on shore at Saja. Their well flowed at 4,650 barrels a day and is reckoned capable of producing 80,000 a day when developed in about 18 months' time. Two further fields offshore east of Saja and offshore 12 miles east of Mubarak are being evaluated.

News of the finds evoked great speculation about the uses to which the revenue might be put. With debts loosely put at \$1,000m, the likelihood is that they will be used for consolidation and not for further large projects.

As in the other emirates, the benefit of heavy industry is viewed with suspicion today by the socially aware. Nevertheless, a renewed spending spree cannot be ruled out entirely; it depends on how large the new finds prove to be and the size of the investments needed to exploit them.

Meanwhile, Sharjah looks likely to continue to promote the progressive tendency inside the federation, within the limitations of an ever more sensitive attitude on the part of the censorship authorities and within the limitations of its need for federal aid.

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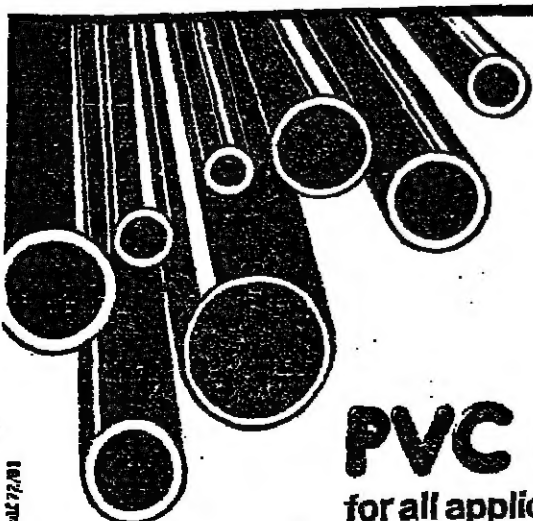
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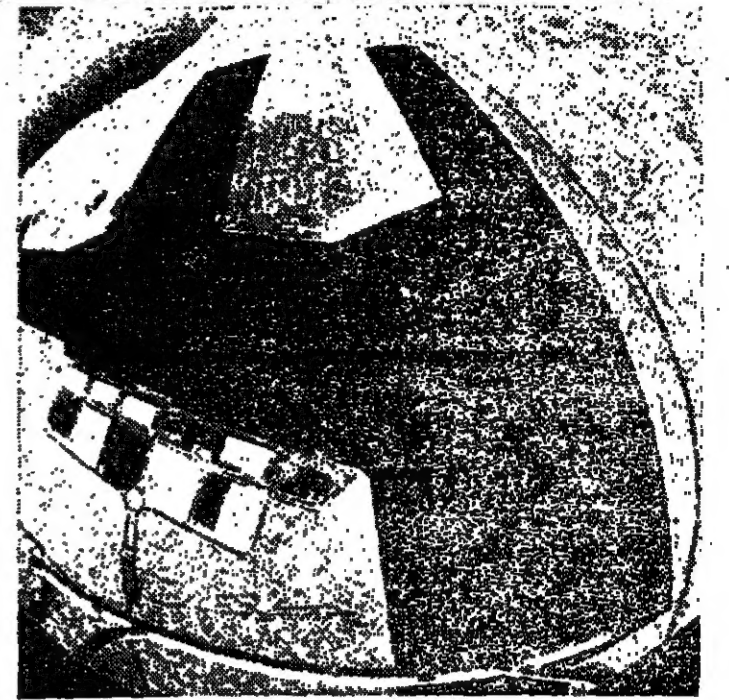
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Fujayrah

Road leads to political consciousness for the young

Fujayrah was linked to the rest of the world by road in the middle of 1970s. One of the emirate's formative experiences, thus was the break with its former isolation, leaving a legacy of conservatism among the older generation and a strong desire to catch up among the young.

The death of white-bearded Sheikh Mohammad bin Hamad ash-Sharqi in 1974 brought to power his Western-educated son Sheikh Hamad, now in his early thirties and the youngest of the seven rulers of the UAE. Only the federation had the resources to make possible a modern standard of living on the east coast, and this has made Fujayrah highly conscious of federal politics. In comparison with the towns of the west coast, Fujayrah is still without a few of the basic development needs—for example, the whole east coast is without a hospital—and Fujayrah retains an altogether slower pace of life.

The road through the Hajar Mountains from the west of the UAE was opened in the autumn of 1975 and then came the rehousing and

building programme already under way in the more accessible towns. Fujayrah is experiencing something of the building boom which struck the rest of the UAE from 1974 to 1977, and this has been intensified since the federation's new Prime Minister was appointed in mid-1979 and succeeded in speeding work on projects.

The road itself, now heavily used, has since been expanded into a dual-carriageway and complemented by a metalled road running north-south along the coast, linking the fishing villages together, and with the outside world, for the first time.

A large port, built by Koreans is due to open in November this year and a smaller port is taking shape at Dibba under the peaks of the Musandam Peninsula along with two fishing harbours further south. Two projects for the benefit of the whole coast are the huge steam-turbine power station planned for the village of Qidfa and the 200-bed hospital in Fujayrah—the region's first—which is about two years from completion. Work has recently begun on a large military camp, there

is a much-needed coastal protection scheme in progress to reduce frequent damage to the villages from winter flooding, and work began on a 520,000 tonnes-a-year cement plant at the end of last year.

These development projects have spawned the usual construction materials factories supplying marble, tiles, fencing and the like. Private sector investments have found their way into table water, leather goods, the Fujayrah Insurance Company and planned poultry farm. Together, the public and private ventures represent a level of activity unprecedented in Fujayrah and unthinkable as recently as two years ago.

Maintaining the impetus depends to a large extent on the continuation of activity in the rest of the UAE, but Fujayrah can perhaps expect to attract more attention in its own right in the long term by virtue of its location outside the Straits of Hormuz.

Since the Iran-Iraq war broke out, ships taking their time about entering the Gulf have already started to buy services either in Fujayrah directly or, more usually,

from Dubai shipping agencies with connections in Fujayrah. The whole horizon from Musandam south to Fujayrah along the east coast is dotted with such ships at present.

The oil company Reserve Gas and Oil, recently joined by Getty, has just started drilling offshore after years of surveying. After a geological survey by Huntings, mineral extraction is being considered.

German tourists have recently begun to spend a few nights at the Fujayrah Hilton, and the Khor Fakkan Holiday Inn is part of their Sharjah-based package. Business travellers familiar with the UAE will wonder how they got visas; a de facto "package tour visa" seems to have been quietly introduced for the purpose.

While tourism on any scale is not feasible elsewhere in the UAE, whether for visa reasons or because of the uninteresting terrain—and is in any event not desired—the east coast has a good deal to offer scenically. It has sandy beaches in coves between mountain spurs, the warm Arabian Sea, the wax-green palm groves and the

while spires of the minarets, all enclosed by the curiously purple mountains.

At present there are only the hotels to encourage the tourists to part with their money, and the Government of Fujayrah has only just started to give the subject its attention. As well as the Fujayrah Hilton, the Beach Motel and the Sandy Beach are always busy at weekends and holidays with internal tourists, as are the beaches, and a chalet-type development has been started at the biggest beach, Aqah. If the de facto solution to the visa scarcity remains in force, it does seem that the east coast has a future in tourism, if only on a small scale.

Although it is accessible by road and lately by telephone, and is catching up on housing, needs, Fujayrah is not yet comparable in development with the western towns. Pending completion of the 200-bed hospital being built, Fujayrah has only an outpatients' clinic with a makeshift operating theatre for a hospital.

The pace of life is slow in the 43 villages which make up the emirate, and the tempo is rather conservative. The younger people, however, newly freed from isolation, are relatively highly politicized. In their many clubs and societies they discuss the direction of change and development, the uses of oil money, the social upheaval, in the awareness that what affects the rest of the federation is crucial to Fujayrah. Last year's demonstrations over the rising cost of petrol were larger and longer-lasting on the east coast than anywhere else, although absolutely peaceful.

Fujayrah shares the east coast with Sharjah, the Qasbi and Sharqi dependancies being arranged alternately from north to south like the rungs of a step ladder. The division was causing trouble as recently as 1972, and the demonstrating students took a strong line against what they saw as fossilised impediments to integration. The atmosphere in this respect is similar to Sharjah's, which also has a politically aware younger population, a young, educated ruler who abolished his tribal flag and his law courts in 1975 in favour of the federation's, and a need for federal resources.

Umm al Qaywayn

Federal funds aid fishing village

Quiet Umm al Qaywayn, on its elongated spit of sand, is still a fishing village which for the most part a fishing village's concerns, despite which a striking feature is the large number of prosperous mansions lining both sides of the main road to the ruler's diwan. Another is the water skiing past the water sports club originally built for the officers of the Union Defence Force.

Sheikh Ahmad bin Rashid al-Mulla, the head of the numerically large ruling family, who came to power in 1929, died on Saturday. He is succeeded by his son, Sheikh Rashid bin Ahmad al-Mulla, to whom he had already delegated his rule. The family has a reputation for financial caution.

Fishing is the main economic activity in the town and the development of the creek has been the main event of the emirate's past decade. Now complete, the improvements have created 800 metres of wharfage for fishing boats and, in a second port area, berths for ships of up to 25,000 tons, a project supervised by WVS Atkins. Federal aid and incentives to fishermen in the form of loans for engines and equipment have been a second main improvement in the emirate's living standards.

Other economic activity has been minimal; a casino/hotel opened for some years in the mid 1970s but was later closed in deference to conservative public opinion; an asbestos factory has been opened and on the inland part of the emirate, Falaj al-Mulla, a poultry farm which supplies eggs and chickens to the northern emirates. Falaj al-Mulla has water and therefore some agriculture, and completes Umm al Qaywayn's total area of about 300 sq miles.

Housing, street-lighting, electricity power and Umm al Qaywayn's own radio broadcasting station have brought more of the trappings of modern life to the town but little in the way of ideological renewal, income and housing remains the dominant interests.

A new mosque in Umm al Qaywayn.

The decade has, however, been enlivened by the acrimonious lawsuits between Occidental Petroleum and Bapco—which operates the Mubarak field from Sharjah—over ownership rights. A 30 per cent share of Sharjah's 50 per cent is usually quoted as the agreement reached over revenue-sharing between the three parties, Sharjah, Iran and Umm al Qaywayn, but the subject is not considered suitable for polite conversation in either Sharjah or Umm al Qaywayn.

In 1976 Zapata announced a find of small quantities of oil and large quantities of gas 22 km off the Umm al Qaywayn shore and east of Mubarak. Publicity was subsequently given to an agree-

ment signed between Umm al Qaywayn and Dubai under which the former was to supply 60 million cu ft of gas a day to Dubai's industrial projects at Jibei Ali and particularly the aluminium smelter.

Dugan was to undertake the piping of the gas from the field to Jibei Ali. This scheme, which would have revolutionized the economy of Umm al Qaywayn but presumably required huge capital investment, has not yet materialized.

Slow and cautious in development—the December 1980 census gives it only just over 3,000 buildings in all and a correspondingly tiny number of commercial establishments, less than half Ajman's—Umm al Qaywayn has played a similarly slow and cautious role within the federation.

Ras al Khaymah

Commerce reviving after paralysis

Ras al Khaymah's history over the past 10 years has been closely bound up with the Currency Board's and the banks. Development has been expensive in the remote and difficult terrain of the northernmost emirate, and ambitious hopes have often been dashed by disappointing resources. Ras al Khaymah people have a reputation for being ambitious. Today, after three years of near paralysis, commercial life is beginning to revive, but maintaining the improvement depends on the federation and on other Gulf investors.

After the sheikhdom joined the federation in February 1972, later than the other six, money borrowed from banks poured in to property and the import trade, while the local gov-

ernment signed contracts for a port, airport and earth-satellite station. Buoyant oil hopes encouraged the boom in land prices. Then, when the Currency Board clamped down on further bank lending in the "corrective movement" of 1977, Ras al Khaymah was stunned. Enterprise withered, projects were halted and debts incurred; the paralysis lasted until the end of the decade.

The federal Government's initiative in repaying bank loans invested in property, therefore, has an equally marked effect in restoring liquidity. The committee which settled the loans worked with remarkable dispatch in UAE terms and had repaid the entire 1,600m dirhams by the end of 1980. The body is now to be extended into a permanent property bank; this has further increased optimism.

Moreover, Ras al Khaymah has attracted its share of the joint Gulf companies, those vehicles by which Gulf investors, often Kuwaiti, double their money. Kuwait's regulatory authorities, concerned by the drain on their own country's meagre liquidity that these investments encourage, have been looking for ways of curbing them and incurred the Gulf investors themselves have apparently observed an informal moratorium on new flotations in an attempt to protect the value of earlier issues. If successful, which they have not so far been, these moves could negate the benefits to Ras al Khaymah, as well as to Sharjah and Ajman.

Farming, both crop cultivation and livestock rearing, absorbs a sizable section of the labour force and of investment in the UAE's main agricultural centre. Private farms are numerous, though

no longer necessarily their owner's principal livelihood, and at government level Diddagga is a well-known dairy and vegetable farm established successfully for some years now.

Ras al Khaymah exports rock and steel pipes to Saudi Arabia, and the latter to the Far East. It also produces lime, aggregate, cement and industrial explosives.

Oil, on the other hand, has so far failed as a revenue-earner, though exploration continues. A commercial find was announced in 1976, to be flowing at 4,000 barrels a day but has not yet been brought on stream. Gulf Oil recently began prospecting, but this time the Government is keeping a tighter rein on speculation.

Because so many of the sheikhdom's villages are dispersed in the high Jibei, development and especially

road-building has been expensive and slow and within the means of the federation only.

Ras al Khaymah town is not far behind the other west coast towns today except in electricity supplies and services. In years gone by Sheikh Saqr was known to express publicly his impatience with federal generosity, complaining to a newspaper that he had been obliged to borrow money in Europe at 13 per cent when federal aid was being lavished on other beneficiaries at 2 per cent.

Though generally rather conservative in character, Ras al Khaymah has had an eventful decade: politically with first the loss of the Tunbs, then the decision, later reversed, to remain outside the federation, and finally a rather serious border dispute with Oman, which in 1978 laid claim to

the Khor Khuwayr industrial area opposite the offshore oil find. Indeed, some of the leading lights of the UAE's intelligentsia have been provided by Ras al Khaymah.

Today, discussion of the federation's future shapes when the constitution expires in December is certainly no less impassioned in the sheikhdom than elsewhere. The ruler, Sheikh Saqr al-Qasbi, who came into power in 1948, did not, along with his counterparts in Dubai and Umm al Qaywayn, see fit to abolish his flag or merge local government departments into the central administration as Abu Dhabi, Ajman, Fujayrah and Sharjah did when the constitution last expired in 1976. Sheikh Saqr's son made headlines at the beginning of the year by calling for greater "equality" in whatever new form of constitution emerges.

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